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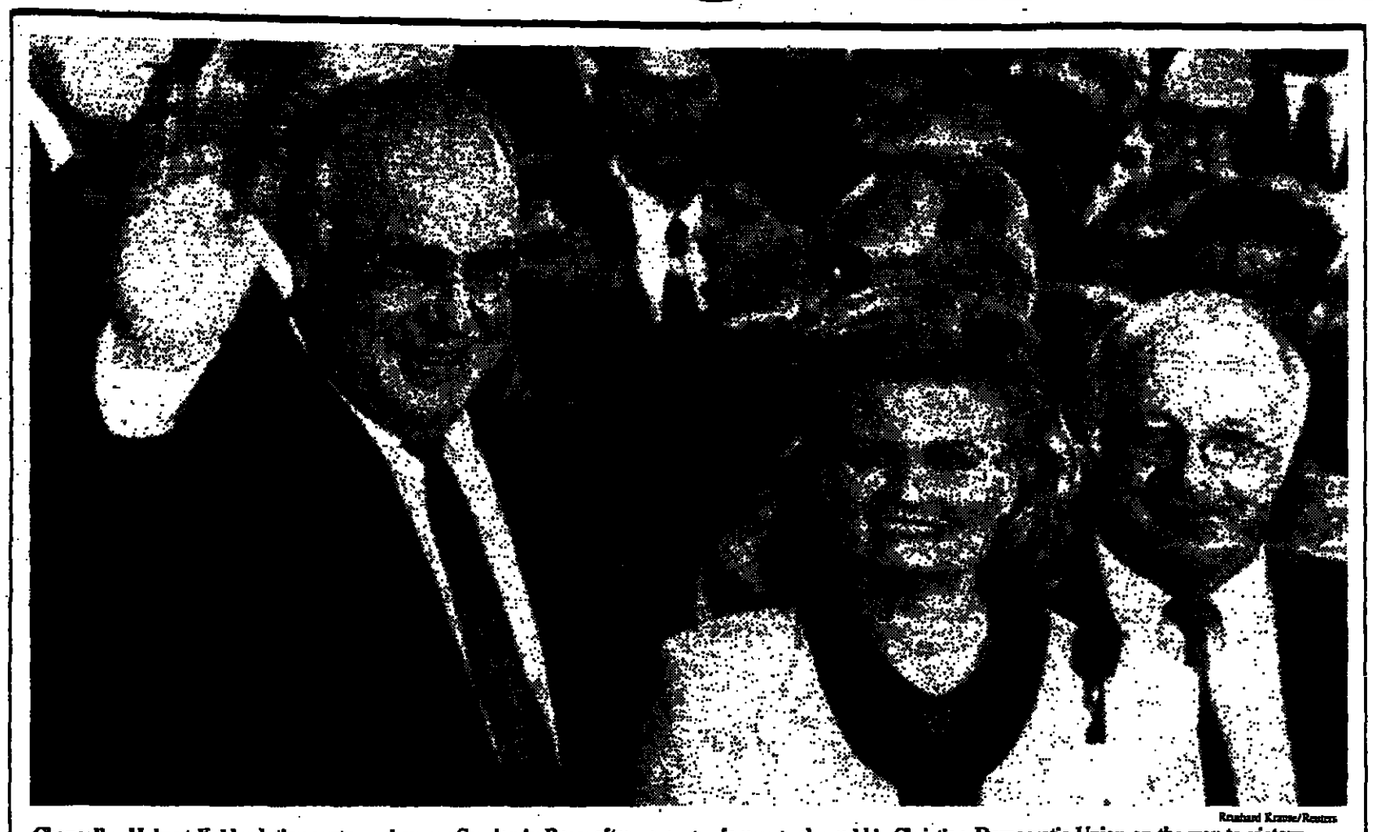

Reinhard Krause/Reuters

Chancellor Helmut Kohl saluting party workers on Sunday in Bonn after computer forecasts showed his Christian Democratic Union on the way to victory.

Kohl, With 44% of Vote, Declares a 'Day of Joy'

By Serge Schmemann
New York Times Service

BONN — Chancellor Helmut Kohl claimed the reward for his stewardship of German unity Sunday with victory in the first all-German election in 58 years.

Projections by German television gave Mr. Kohl's Christian Democratic Party the lion's share of the vote, 44.1 percent — 44.7 percent in the West and 43.5 in the East. But the tally was well short of an absolute majority, leaving the chancellor again dependent on Foreign Minister Hans-Dietrich Genscher's Free Democratic Party to form a coalition government.

Mr. Kohl arrived at party headquarters less than two hours after polls closed to declare it "a day of joy." At 6-foot-4 and weighing 250 pounds, the chancellor towered over aides and reporters as he stood, beaming, before a huge picture of the black, red and gold German flag.

"This is a tremendously great result, for which we can be proud," he said. "What is especially pleasing for me is that the result for the Christian Democratic Union in eastern Germany is almost the same as in the West. Who would have thought such a result possible at the start of the year? We will party tonight."

The results had been widely anticipated, and they meant that the first government elected in a reunified Germany would be effectively the same West German administration that led the way to unity through the tumultuous year since the Berlin Wall was breached in November 1989.

Political analysts agreed that Mr. Kohl and Mr. Genscher were in large part the beneficiaries of reunification, whose opportunity they were among the first to glimpse and which they pursued doggedly at home and abroad.

"If there is a general significance to the result, it is that unity is now being ratified by the people," said Johannes Gross, a prominent political commentator.

Mr. Kohl's showing was in fact below the 44.3 percent of the vote he took in the last elections, in 1987, but his satisfaction derived from the fact that until the wall was dismantled his popularity had been in steep decline.

Mr. Genscher's Free Democrats, by contrast, parlayed the foreign minister's popularity into 11 percent of the vote, up from 9.1 percent last time. Mr. Genscher, a native of the East, scored especially well in that region with 12.4 percent of the vote.

The Social Democrats, hurt by their lukewarm and wavering attitude toward unity, by a general disaffection with the left and the by weak image of their standard-bearer, Oskar Lafontaine, were projected to take 33.5 percent, their worst showing in a decade. In 1987 they won 37 percent; in 1983, 38.2 percent, and in 1980, 42.9 percent. "We lost," said Mr. Lafontaine, 47. "There is no reason to deny it."

The environmentalist Greens also took a drubbing, dropping from the 8.3 percent of the nationwide vote they won in 1987 to 4.2 percent, although in eastern Germany Greens gained enough votes — 6.6 percent — to win seven seats in the new parliament.

"This is a devastating defeat for the party," said Hubert Kleinert, a Greens leader. "This party has to change fundamentally if there is to be a future for it."

In an ironic counterpoint to the election, the Justice Department in Berlin wrestled with Soviet officials to serve an arrest war-

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Baker Says Baghdad Can Avoid U.S. Attack

By E.J. Dionne
Washington Post Service

WASHINGTON — As American and Iraqi officials exchanged notes on how the two nations will conduct discussions about the Gulf crisis, Secretary of State James A. Baker 3d said Sunday that if President Saddam Hussein of Iraq complied with UN resolutions and withdrew from Kuwait, he would avoid an American military attack.

"There's never been any suggestion that force would be used if the United Nations resolutions are fully complied with," Mr. Baker said on the NBC News program "Meet the Press."

"That would give some assurance, it seems to me, that if he complied with the resolutions his reward for that would not be a military attack by the United States."

Mr. Baker continued to try to get across the complicated message that the U.S. government has been sending since President George Bush called for talks with Iraq on Friday: that the administration is willing to hold discussions with Iraq to avoid war, but that it is not willing to negotiate about the fundamental demands of the United Nations.

"We'll not be negotiating backwards from those United Nations resolutions," Mr. Baker said, insisting that Washington was still demanding "complete withdrawal from Kuwait, restoration of the legitimate government of Kuwait, freedom for the hostages."

Mr. Baker made it clear that in pursuing talks with Iraq, the United States was seeking to calm do-

Crisis in the Gulf

U.S.-Israeli relations face a key test in a UN vote on the Palestinian issue. Page 8.
Kuwaiti refugees describe Iraqi atrocities. Page 5.

mestic critics of the administration's tough approach to Mr. Hussein.

"If force ends up being used," he said, "we owe it to the American people and to others to show that we left no stone unturned in the search for peace."

Another top administration official, Defense Secretary Dick Cheney, said that U.S. concerns extended beyond Mr. Hussein's invasion of Kuwait and also covered his access to chemical and nuclear weapons.

"We still are going to be faced with an Iraq that has enormous military capability and has demonstrated a desire to develop even more nuclear weapons, ballistic missiles, etc.," Mr. Cheney said in another television interview.

"It would be important to fashion in the international community a set of sanctions that were targeted specifically on those technologies that he's trying to acquire to develop that capability.

"It would be foolish for us to do anything less," Mr. Cheney added in an appearance on ABC News's "This Week With David Brinkley."

Mr. Baker and other administration officials said Sunday that the United States did not view statements made by Iraq's Revolutionary Council on Saturday as an acceptance of Mr. Bush's offer to send Mr. Baker to Iraq to talk with Mr. Hussein and to receive the Iraqi foreign minister, Tariq Aziz, at the White House.

The officials said that Iraq and the United States had exchanged a series of diplomatic messages over the weekend.

"While we are aware of the statements of the Revolutionary Council and other public statements by Iraqi officials," an official said, "we are involved in private exchanges that do not yet amount to an acceptance of the offers."

The official said that Joseph Wilson, the American chargé d'affaires in Baghdad, had delivered the invitation Friday to the No. 2 official in the Iraqi Foreign Ministry. In return, Mr. Wilson was given a series of questions that President Hussein wanted answered about the nature of the discussions.

The official said that most of the

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Iraq: Peace Chances '50-50'

Hussein, in TV Interview, Seeks 'Dialogue' With Baker

Compiled by Our Staff From Dispatches

PARIS — President Saddam Hussein estimated in a television interview broadcast Sunday that the chances of finding a peaceful solution to the Gulf crisis were "50-50" and said it would largely depend on whether Secretary of State James A. Baker 3d was ready to engage in a "real dialogue."

The Iraqi president told French television interviewers that peace or war would depend on whether Mr. Baker, who is expected to visit Baghdad in the coming days, would try to negotiate a settlement or simply wanted to show the U.S. Congress and the American people that the Iraqis were intransigent and war was inevitable.

"If one wants to make of this encounter a real dialogue," Mr. Hussein said, "then we will be closer to peace."

He added: "But if one wants to make of this meeting only a formal session to give the American Congress, the American people, and international public opinion a good conscience and to allow them to say they tried to talk with Iraq and that Iraq refused to give up its position, then in that case we are closer to war."

Mr. Hussein refused to say whether he would be willing to evacuate Kuwait, insisting repeatedly that a global solution must be found to the problems of the Middle East, especially the Palestinian issue.

Mr. Hussein called for "dialogue without preconditions."

He called for "French representatives" to be present at the talks. He refused to answer questions about withdrawal from Kuwait.

On Saturday, Mr. Hussein accepted a proposal from President George Bush for the U.S. secretary of state and Iraqi foreign minister to travel to each other's capitals to discuss a peaceful resolution to the crisis.

"One may ask if it is really a question of United Nations' objectives or those of the United States," Mr. Hussein commented.

However, he said, "the important thing is that the dialogue lead down a path other than war."

Asked whether he thought the crisis was closer to war or peace, he said "50-50."

During the interview, Mr. Hussein also denied that his country had a nuclear weapon.

Referring to speculation about Iraq's capacity to build nuclear weapons, Mr. Hussein said, "If we had nuclear weapons we would have no hesitation in saying so. But we do not possess nuclear arms."

As for Iraq's request for French representatives to be present at the talks, Mr. Hussein said it would be "preferable, instead of Iraq and the United States remaining face-to-face, because the Americans have far more extensive news media than the Iraqis which can influence international public opinion".

He repeated that the holding of thousands of Western hostages was "one of the methods we believe could prevent war."

He called for guarantees from Washington that the United States would "not resort to force until March 25".

Baghdad has announced previously that it would begin releasing foreign hostages from Dec. 25 and for a three-month period ending March 25, if no "aggression" was launched against it.

The interviewers, Christine Ockrent and Ivan Levai of the French second channel, Antenne 2, were searched painstakingly before being allowed to see Mr. Hussein.

(UPI, AFP)

For Some Arabs, Doubts About Baghdad Talks

By Alan Cowell
New York Times Service

CAIRO — With his invitation to hold discussions with Iraq, President George Bush has touched sensitive nerves in a region that craves status in Western eyes as much as it mistrusts those with the power to dispense it.

In the psychology and politics of the Arab world — where form and perception weigh heavily in the calculations of gain and loss — the president's overture has gratified Iraq but spread misgivings among those of its Arab adversaries aligned with Washington in the effort to confront Baghdad's takeover of Kuwait.

Mr. Bush "gave Saddam Hussein what he really wanted: to be ac-

NEWS ANALYSIS

cepted by the mighty as equal," said Tahseen Bashir, an Egyptian commentator and former diplomat. "Bush has offered symmetry in the way the talks will be conducted — foreign minister to president. That gives Saddam Hussein equality."

That, in part, explains why Iraq was so quick to accept the U.S. invitation.

Those who have dealt with Iraq over many years, however, have come to question whether gratification yields any greater results than confrontation.

"Saddam Hussein could see this as the offer of a way out," said an Arab diplomat with long experience of Iraqi thinking. "On the other hand, he could take it as a sign that his adversary is weakening and escalate his demands. He has calculated all along that the Americans do not have the stomach for war, so this has given him a tactical victory."

Already, Baghdad is casting the U.S. overture as a triumph for Iraq's diplomacy.

Iraq's official news agency said Sunday, for instance, that the first deputy prime minister, Taha Yasin Ramadan, "stressed that acceptance by the U.S. administration of a dialogue, called for by Iraq, indicates a retreat after grasping that world and Arab public opinion uncovered its misleading and false behavior for achieving its own interests."

Decoded, that seemed to mean that Washington had seen the light.

The assessment of how Mr. Hussein will play the new, diplomatic round in the approach to Jan. 15 — the date the United Nations Security Council has set for the authorized use of force to get Iraq out of

See GULF, Page 8

U.S. Goal: Invincibility in Gulf

Move to Add Troops Caught Some in Military Off Guard

By Rick Atkinson and Bob Woodward
Washington Post Service

WASHINGTON — President George Bush's decision to send a huge armed force to the Gulf reflects a military philosophy that seeks overwhelming firepower to guarantee victory if war becomes necessary against Iraq, according to administration officials.

This doctrine of invincible force has been the main military principle underlying Operation Desert Shield for the past four months and was at the core of Mr. Bush's reasoning when he ordered the near-doubling of U.S. forces in the Gulf on Nov. 8. "The president has told us not to give him another Vietnam," a senior official said last week.

But the drive for military certainty has created controversy in the Pentagon, where the November announcement came as a surprise to many military officers who have been worried about the enormous strains it is placing on the uniformed services.

Beyond the sheer magnitude of the new buildup of 200,000 troops and the further logistical headaches this involves, the suspension of rotation plans — which would have used the fresh troops to relieve some of those already in the Gulf — was the most startling revelation to most officers.

"That shivered the timbers of the whole military system," an admiral said last week. He said it was "a hell of a signal" that the Bush administration was willing to marshal as much military firepower as necessary to prevail in the region.

Mr. Bush may yet order another wave of reinforcements beyond the more than 400,000 U.S. troops already committed, Defense Department officials said.

The guiding doctrine behind the American deployment has antecedents that can be traced through a thousand years of warfare. But it firmly took root as the prevailing U.S. approach to combat last December during the American invasion of Panama. That action, Operation Just Cause, stressed secrecy, the figurative "decapitation" of the enemy leadership and the crushing shock of combat power intended to be so formidable as to prove invincible.

After Operation Just Cause, a senior Pentagon official said Friday, those principles were elevated to "a catechism." The doctrine represents a reaction to and rejection of the gradualism of Vietnam.

General Colin L. Powell, chairman of the Joint Chiefs of Staff, is the intellectual godfather of the new doctrine, and Defense Secretary Dick Cheney its political champion. But Mr. Bush, who on Friday pledged that "this will not be a protracted, drawn-out war," has become their most ardent convert.

"If there must be war, we will not permit our troops to have their hands tied behind their backs," Mr.

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Jacques Brinon/The Associated Press

Saddam Hussein during a television interview in which he put the chances for war at "50-50."

Rebel Troops Take Chadian Capital

By Alan Riding
New York Times Service

PARIS — Chadian rebel forces under General Idriss Deby occupied the undefended capital of Ndjamena today just 24 hours after President Hissène Habré and his top aides reportedly fled the country to neighboring Cameroon.

General Deby, who broke with Mr. Habré last year, promised to turn the country into a multiparty democracy for the first time since it won independence from France in 1960.

"My worry is not to be president of the republic," General Deby said after arriving in Ndjamena. "This country must become democratic, pluralist. The moment has come to lay down our arms."

Assisted by French troops stationed in Chad, rebel forces began disarming civilians and restoring order after the rioting and looting that swept through the capital following the collapse of the Habré regime.

The rebel leader told Radio France Internationale that new elections would be held, although he did not set a date for them. Under Chad's constitution, new elections should be held within 45 days.

Troops of General Deby's Popular Salvation Movement entered Chad from Sudan three weeks ago, but they met little resistance on their way to seizing the city of Abéché on Friday. As a rebel convoy of rebel forces set off on the 400-mile (650-kilometer) trip southwest to Ndjamena, Mr. Habré abandoned the capital.

France, which in the 1980s repeatedly sustained the Habré government against local rebellions and attacks by Libya, gave instructions to its 1,300 troops stationed in Chad not to intervene in what it

See CHAD, Page 8

Kiosk

NCR Gets Bid From AT&T

NEW YORK (Reuters) — American Telephone & Telegraph Co. announced on Sunday a friendly $6 billion takeover bid for NCR Corp., the fifth-largest U.S. computer company, in a deal that would strengthen the phone giant's presence in the computer industry.

The bid, proposed after two weeks of talks, is a stock-for-stock deal valued at $90 per NCR share, AT&T said.

Related article, Page 13

AP

OUCH! — Andre Agassi defaulted Sunday, but the U.S. team had the Davis Cup won. Earlier article, Page 18.

Crossword Page 8.

In a Quake-Shaky Missouri Town, It's a Sink-or-Swim Mood

By William Booth
Washington Post Service

NEW MADRID, Missouri — Upset by the pronouncements of a little-known, iconoclastic business consultant named Iben Browning, who predicts that a large earthquake may strike the area Monday, many who live along the New Madrid fault zone have become fearful. Others are preparing a party.

It seems not to matter that the scientific community has almost unanimously scoffed at Mr. Browning's prediction.

A circus atmosphere is taking over the little town of New Madrid (pronounced New MAD-rid). A preacher is roving the streets in his van, broadcasting "The End Is Near" over a pair of loudspeakers. The governor plans to arrive Monday to eat lunch.

Residents are buying earthquake insurance. And batteries, flashlights, kerosene, charcoal and T-shirts that say: "Visit New Madrid While It's Still Here."

Some are driving away to more geologically benign locales. Others are staying home to enjoy the fun. "The people who have lived here all their lives are ready to have some fun," said an insurance salesman, H.H. Townsend, who is busy videotaping the hoopla. "I don't believe anybody will believe this ever happened unless I record it."

Mr. Townsend said this is the biggest thing to happen in New Madrid since it reenacted a Civil War battle a few years ago. "Maybe even bigger."

School districts in the five counties of southeast Missouri have canceled classes Monday and Tuesday largely because principals think few students will show up. Scattered schools in four states have canceled classes.

"My own 7-year-old son said to me, 'You know, every time somebody says earthquake, I get the creeps,'" said Carlotta Koski, owner of New Madrid Coiffeurs, who would have kept her five children home Monday even if the New Madrid schools had not announced they would be closed during the "quake days."

Residents of New Madrid and surrounding hamlets are aware that a major fault line runs beneath southwest Illinois, part of Missouri and on into Arkansas. Seven states and cities as far away as Memphis, Little Rock and St. Louis would be rocked if a major quake struck. The region did suffer a series of major temblors in 1811 and 1812, which scientists said would have registered an 8 on the Richter scale.

An imprecise and unscientific scale of local unease — measured by interviewing a dozen residents in cafés, beauty parlors and shops — would register about a 4.7, with 8 being fear-crazed mayhem and 3 being a barely perceptible sense of impending doom.

"People aren't standing on their heads going crazy," said Johnny Dixon, owner of B&K Hardware. Instead, they're buying flashlight batteries, straps to hold their water heaters upright and cans of pork and beans. But most people seem to be going about their daily lives as usual. Mr. Dixon said.

Jehovah's Witnesses are still going door

See QUAKE, Page 3

Prison Telephone Taps Bolster U.S. Case Against Noriega

By Laura Parker and Jim McGee
Washington Post Service

MIAMI — Tapes of telephone conversations of Manuel Antonio Noriega, a compulsive caller who often spends up to eight hours a day on the phone from jail, have provided federal agents with leads to bolster what they say is now a formidable drug and racketeering case against the deposed Panamanian strongman.

So talkative is Mr. Noriega that officials monitoring his calls to places like Hong Kong and Spain, as well as to Panama City, long ago gave up any effort to transcribe all of them.

His defense lawyer, Frank A. Rubino, says he warned his client he was making the calls "at his peril."

The taping at Miami's Metropolitan Correctional Center first came to light last month when Cable News Network obtained snippets of Mr. Noriega's conversations.

In a legal controversy that went all the way to the Supreme Court, Mr. Noriega's defense team argued that privileged telephone contacts between them and their client had been made available to prosecutors, a charge that is still under investigation along with the question of how CNN obtained the tapes.

But sources in Miami said that the uproar over CNN's scoop obscured the magnitude of the continuous taping of Mr. Noriega's calls. Excerpts of the tapes have been made available regularly to the government under a subpoena granted after Mr. Noriega's arrest 11 months ago.

The sources maintain that investigators have had no access to privileged attorney-client calls, but have found those conversations to which they are legally entitled to be somewhat helpful in assembling the case, which is scheduled to go to trial Jan. 28.

At the same time, the sources describe the telephone leads as a relatively minor part of what has been an all-out government push to use every available means to convict Mr. Noriega.

Sources familiar with the investigation and a growing court record say that as a result of these efforts, the government now has a far broader array of witnesses than when Mr. Noriega was first charged.

These witnesses, they say, will flesh out the central allegations that Mr. Noriega headed a lucrative enterprise that provided safe haven for Colombia's Medellín drug network.

The expanded cast of potential witnesses will include former Panamanian military officers who served under Mr. Noriega, business associates, close confidants, drug dealers and employees of the Medellín network.

The prosecution still faces major obstacles, including repeated defense allegations of government misconduct and the potentially explosive information contained in classified documents about Mr. Noriega's work as a paid U.S. intelligence agent.

And, despite the progress, the government's case still rests largely on the testimony of convicted criminals.

The tapes of Mr. Noriega's prison conversations have prompted investigators to pursue several of his associates in Panama.

The casual conversations of at least one other co-defendant at the same Miami facility also have drawn official attention.

In a court filing, prosecutors claimed that the co-defendant, William Saldarriaga, "confessed to another cell mate" his involvement in a drug shipment and claimed that Mr. Noriega "was behind the entire deal."

But according to Mr. Saldarriaga's lawyer, his client "never said that."

Firefight From Day 1 for New Head of TV's CNN

With Cable News Network under fire for some of its Middle East coverage and its attempt to broadcast government tapes of conversations between Manuel Antonio Noriega, the deposed Panamanian leader, and his lawyers, it has been an eventful season for Tom Johnson, the former publisher of the Los Angeles Times, who took over as president of CNN the day before Iraqi troops invaded Kuwait in August. Lawrence Malkin of the International Herald Tribune spoke with him about his baptism of fire.

Q. What have been the stakes in the Noriega case?

A. One of the things that has been lost sight of is that we had set out to do a series of broadcasts on what Manuel Noriega was doing from his jail cell in Miami. We found that the government was taping his conversations with his lawyers. CNN broadcast only that portion of the attorney-client tapes that his own lawyer played back for our cameras and to our reporters. There is a very fundamental issue here, and that is the right of a newsgathering organization to report on possible government misconduct. If CNN can be restrained, so can every news organization. We were shocked, to put it mildly, by the decision of the Supreme Court to permit prior restraint on broadcast of the tapes.

Q. I understand that your mandate is to improve and deepen CNN's international coverage. What can viewers abroad expect?

A. I would like us to do more groundbreaking, investigative stories. I would very much like us to have additional international bureaus as resources permit — in Asia, in Europe, in Africa.

MONDAY Q&A

Q. Why should an international viewer choose CNN, with its American outlook, over formidable local competitors who speak the language of their viewers and respond to their concerns directly.

A. This is a global news network based in the United States. We will become even more global. I see us reaching to employ journalists who are not U.S.-based or necessarily U.S. citizens. Already CNN has demonstrated its international commitment through the CNN World Report [which presents segments from national networks linked to CNN]. Who else provides air time for international journalists *without censorship?*

Q. What about parachuting star anchormen into big stories?

A. News is the star here at CNN. We did send our anchorman Bernard Shaw for an interview with Saddam Hussein in Baghdad, and I think there has been a growing awareness of the star quality of many CNN people. But we rely primarily on field correspondents and on our bureaus, rather than trying to take our anchors and move them into the field for each and every major occurrence.

Q. The chief of CNN's international coverage says the network has become "part of the loop" because world leaders watch it and send messages over it. How does that affect your ability to be critical and objective with your sources?

A. I would abandon a coverage point before I would have it compromised by becoming in any way a vehicle for propaganda.

Q. Critics say CNN carried propaganda in broadcasting Saddam Hussein live with his hostages. Looking back, would you have done anything differently?

A. I felt that to air the first meeting of Saddam Hussein was news. We had the right to pull the plug at any point along the way if needed. We also felt there was intense interest in what Saddam Hussein had to say, and intense interest in the hostages. Within 48 hours we also carried a live speech by George Bush; a live speech by Colin Powell, the chairman of the joint chiefs of staff, and a live speech by Margaret Thatcher.

We could have been somewhat less bold, less courageous and perhaps less timely in taking it in on tape and deciding only to present extracts of it. I really think that the public is in a very good position to judge when given information of this type unedited, uncensored. They can make their own judgments about credibility, about how television is being used. We also ran clarifications before, during and following the show so the viewers knew exactly under what conditions this was being aired. I felt comfortable about it. It did receive some criticism, but I frankly think we underestimate the intelligence of our audience, and who is to say that an editor sitting in Atlanta should censor or only deliver an extract of such a meeting?

Norman Cousins, Magazine Editor, Dies

By Eric Pace
New York Times Service

Norman Cousins, 75, who was editor in chief of the Saturday Review for more than 30 years, died Friday of cardiac arrest at the medical center at the University of California at Los Angeles.

Mr. Cousins joined the Saturday Review of Literature, as the weekly magazine was known in its early years, in 1940, when its circulation was about 20,000.

He became chief editor in 1942, and made the magazine a compendium of reporting, essays and criticism about current events, education, science, travel and the arts.

He remained as editor until 1971, while its circulation grew to more than 600,000, and returned to run it again, from 1973 to 1977, before retiring.

After retiring, he became well known for a best-selling book, "Anatomy of an Illness: As Perceived by the Patient" (1979), which presented his contention that a patient's attitude can combat a grave illness.

He buttressed that argument by citing his own experience in overcoming a serious illness, a life-threatening form of arthritis.

In the book, he also contended that Americans were oversensitive to pain and were "becoming a nation of pill-grabbers and hypochondriacs, escalating the slightest ache into a searing ordeal."

Mr. Cousins left Saturday Review in 1971 because of disagreements with its new owners, Nicholas H. Charney and John J. Veronis.

The new owners split the magazine into four specialized monthlies while Mr. Cousins, in 1972, founded a biweekly magazine, World, which called itself "a review of ideas, the arts and the human condition." He was its editor for one year, and its circulation grew to more than 150,000.

Mr. Charney and Mr. Veronis invited Mr. Cousins back in 1973 to create a new biweekly magazine, similar to the old Saturday Review, out of the ruins of their four magazines, which went bankrupt.

Later that year, his comeback was underscored when the Magazine Publishers Association named him publisher of the year.

At the time of his death, Mr. Cousins was an adjunct professor at UCLA in the department of psychiatry and biobehavioral science.

Pierre Dux, 82, French Dramatic Actor

PARIS (AP) — Pierre Dux, 82, one of the century's great French classical performers and former head of the Comédie-Française, died Saturday, his family announced. The cause of death was not disclosed.

Mr. Dux took first prize at the leading French acting school, the Conservatoire, in 1929 and entered the Comédie, home to France's best stage actors.

Mr. Dux played lead roles in "The Misanthrope," "Cyrano de Bergerac" and "The Night of the Kings" and became the Comédie's general administrator in 1945. He left a few years later to serve as co-director of the Théâtre de Paris and to teach at the Conservatoire, but became the Comédie's administrator for a second time in 1970, serving in the post until 1979.

Vijay Lakshmi Pandit, 90, Activist Indian Politician

NEW DELHI (NYT) — Vijaya Lakshmi Pandit, 90, an Indian independence fighter and the first woman to serve as president of the United Nations General Assembly, died Saturday in the northern town of Dehra Dun.

Mrs. Pandit, the sister of India's first prime minister, Jawaharlal Nehru, was the virtual chief of one of Asia's most important political dynasties, which included Mr. Nehru's daughter, Indira Gandhi, and Mrs. Gandhi's son Rajiv.

Mrs. Pandit took part in the Indian freedom movement and was arrested several times by British authorities. Her brother named her ambassador to Moscow when India became independent in 1947. She also held ambassadorships to the United States and Britain and, in 1953, the presidency of the General Assembly.

■ *Other deaths:*

Tamara De Treaux, 31, the 31-inch-tall actress who played the alien in "E.T., the Extra-Terrestrial," on Wednesday of respiratory and heart problems in Los Angeles.

Desidir Galsky, 69, president of the Jewish Community Council of the Czech Lands, in an automobile accident Nov. 24 in Prague.

Ruth Brummel Washington, 76, publisher of the city's leading black newspaper, the Los Angeles Sentinel, on Friday of cancer.

David Morse, Led ILO for 22 Years

New York Times Service

NEW YORK — David A. Morse, 83, a former acting U.S. labor secretary and director-general of the International Labor Organization, died Saturday in New York City after a long illness.

In December 1969, Mr. Morse accepted the Nobel Peace Prize for the labor organization, which advocated an eight-hour day as early as 1919, brought technology to hundreds of thousands of poor farmers around the world and served as an international rallying point in the fight for child labor laws, maternity leave, workers' compensation and industrial safety regulations.

During his 22 years with the labor organization, Mr. Morse had to reconcile the divergent philosophies and policies of the dozens of members of the United Nations affiliate, urging them toward the organization's stated goals of promoting world peace, prosperity and social justice.

In 1970, Mr. Morse resigned as director-general of the organization and formed a law partnership in New York City.

Mr. Morse had been named an assistant labor secretary in 1946. He later became undersecretary and, early in 1948, on the death Secretary Lewis B. Schwellenbach, was appointed acting labor secretary.

Agence France-Presse

A BORING ACHIEVEMENT — Robert Fagg, left, of Britain, and Philippe Cozette of France exchanging flags to mark the first face-to-face contact in the Channel Tunnel. Workers enlarged a small connecting hole between the French and English sides of the project's service tunnel on Saturday morning and promptly celebrated with a champagne party.

First Space Journalist Takes a Soviet Rocket

United Press International

BAIKONUR, U.S.S.R. — A Japanese broadcaster, Toyohiro Akiyama, 48, on Sunday became the first journalist in space as he rode a Soviet rocket aloft.

The Tokyo Broadcasting System, which is paying $10 million to $12 million for the "cosmoreporter" mission, brought in dozens of reporters and technicians and 20 cameras to cover the launching.

The mission is the first commercial attempt by the Soviet Glavkosmos space agency to launch cosmonauts for a fee after a decade of propaganda flights with cosmonauts from Communist or friendly countries.

Mr. Akiyama, a chain smoker who quit cigarettes cold turkey for the mission, said as liftoff neared that he felt fine before the picture-perfect launching.

His first words from space, seconds after his Soyuz TM-11 spacecraft slipped into orbit, were: "I'm looking out the window now." The transmission was then cut off as the spacecraft began to chase the Mir space station where he will spend six days making daily radio and television broadcasts.

The launching made Mr. Akiyama, a former Vietnam War correspondent and Washington bureau chief and now chief editor of foreign news for TBS, the first journalist and the first Japanese to fly in space, and it turned him into an overnight hero in Japan. He also became the world's 241st cosmonaut, and Japan became the 20th nation to have a man in space.

Shuttle Scientists Begin Astronomy Studies Mission

New York Times Service

CAPE CANAVERAL, Florida — The newly repaired space shuttle Columbia lifted off early Sunday on a long-delayed astronomy mission.

During its 10-day flight, seven astronauts are to work around the clock, operating three ultraviolet telescopes and one X-ray telescope, to study some of the hottest and most violent objects in the universe.

Their main mission is to study celestial emissions that are blocked by Earth's atmosphere. Their telescopes are less elaborate than the $1.5 billion Hubble Space Telescope, but they will give astronomers their first detailed look at the universe in highly energetic parts of the electromagnetic spectrum. They will also help locate targets for the larger telescope.

By examining ultraviolet and X-ray emissions, astronomers can see extremely hot gases and other high-energy phenomena that appear only faintly in regular telescopes. They hope to gain insights into the nature of quasars, as-yet-unseen black holes, supernovas, interstellar gas and dust, stellar evolution, and other riddles of modern astronomy.

WORLD BRIEFS

$13 Million Brinks Heist in Canada

MONTREAL (Combined Dispatches) — An assault rifle and an abandoned van were examined Sunday for clues to one of Canada's biggest robberies, a commando-like raid on a Brink's shipment of cash, securities and gold ingots worth nearly 16 million Canadian dollars ($13.8 million).

At least four thieves ambushed a private plane before dawn Saturday as it taxied at Dorval International Airport. They used a stolen garbage truck to smash through a fence, transferred the loot to a stolen van and then drove off, Montreal Police said.

The twin-engine turbojet, chartered by Brink's Canada Ltd., was returning from a regular run from New York, via Ottawa and Toronto. It landed shortly before 4 A.M. and ran straight into the ambush.

(AP, Reuters)

Bush Rejects CIA Budget Measure

WASHINGTON (NYT) — President George Bush has refused to sign a $30 billion budget measure for intelligence agencies, saying his authority to conduct foreign policy was violated by a provision that would require him to tell Congress of requests for foreign or private help in covert operations.

Because Congress has adjourned, no spending legislation can be passed until the new Congress convenes in January. It is not clear how the CIA and other espionage agencies will continue to function without authorization to spend money.

A CIA spokesman said that the agency had consulted with the Justice Department and would continue to be able to spend appropriated funds. He would not elaborate. But congressional officials said that the 1947 law creating the intelligence establishment required all spending to be "specifically authorized" by Congress, and that a legal dispute could ensue.

Mozambican Peace Talks Progress

ROME (Reuters) — The Mozambican government and rightist rebels say they have overcome one of the main obstacles to a cease-fire in the civil war, which has taken a million lives in the last 14 years.

Delegations from the government and Renamo rebels signed an agreement to regroup all Zimbabwean troops in Mozambique in two strategic corridors to guard the road, railway and pipeline links between landlocked Zimbabwe and the Indian Ocean. "I hope that this will in a short time be followed by a cease-fire agreement to end the war," said the Mozambican transport minister, Lieutenant General Armando Guebuza, after shaking the hand of Renamo's representative, Raul Domingos.

The other major obstacle to a cease-fire has been Renamo's demand for a say in how the country's first free elections are to be organized. Mr. Domingos said agreement had to be reached on political issues before a cease-fire could be proclaimed. No date has been set for the next round of talks.

75 Reported Killed in Bangladesh

DHAKA, Bangladesh (AP) — The leader of the opposition Awami League, Hasina Wazed, asserted Sunday that 75 people had been killed and 5,000 arrested since President Hussain Mohammed Ershad decreed a state of emergency five days ago. It was not possible to verify the assertion.

Anti-government demonstrators took to the streets again Sunday during a 12-hour relaxation of curfew, and 500 university teachers quit their jobs to protest the emergency orders suspending civil liberties. State-run television said the curfew would be lifted for 15 hours on Monday. The government has gradually been extending the number of hours people are allowed to leave their homes.

The Interior Ministry said that in general the law-and-order situation was improving, and that security forces foiled "an unruly mob" that tried to ransack stores and burn vehicles in Dhaka's main shopping area. No details were given.

Pope Names New Secretary of State

ROME (NYT) — Cardinal Agostino Casaroli, a career diplomat who helped engineer the Roman Catholic Church's relationship with the Communist governments of Eastern Europe, has retired as the Vatican secretary of state.

Pope John Paul II replaced him with another longtime diplomat, Archbishop Angelo Sodano, 63, who had been the Vatican's foreign minister and is expected to follow the policies of his predecessor. In the Vatican hierarchy, the secretary of state is the most important person after the Pope.

Cardinal Casaroli, 76, who took his first assignment at the Vatican's secretariat of state in 1937 and was appointed secretary of state in 1979, was a principal architect of the Holy See's so-called Ostpolitik, in which he sought to ensure the church's survival in Eastern Europe under stridently hostile Communist regimes. Archbishop Sodano has had long experience as a papal nuncio in Latin America, including many years in Chile, where he repeatedly called on the Chilean government to respect human rights.

For the Record

The 16th game of the world championship chess match was adjourned for the second time in Lyon on Sunday after the 88th move. The game is to be resumed Tuesday, after the 17th game on Monday. The titleholder, Garri Kasparov, and the challenger, Anatoli Karpov, are tied in the match at 7.5 points. *(AP)*

The National League of Cities said it will not hold its 1991 convention in Phoenix, as previously planned, because Arizona does not recognize Martin Luther King Jr.'s birthday as a state holiday. *(AP)*

TRAVEL UPDATE

The State Department has warned that U.S. citizens should avoid trips to the Indian states of Assam was well as Jammu and Kashmir. The department advised caution for travelers in other parts of strife-torn northern and eastern India, particularly in Punjab, Uttar Pradesh, Rajasthan and areas of Madhya Pradesh and Bihar. *(AFP)*

South African Airways canceled its inaugural flight to Nairobi on Sunday, citing a lack of time to prepare and few passengers. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

WEDNESDAY: Haiti, Thailand.

THURSDAY: Ecuador, Finland, Spain.

FRIDAY: Ivory Coast.

SATURDAY: Andorra, Argentina, Austria, Chile, Colombia, Costa Rica, Guam, Italy, Liechtenstein, Macao, Malta, Monaco, Nicaragua, Panama, Paraguay, Peru, Portugal, Seychelles, Spain, Vatican City, Venezuela.

SUNDAY: Tanzania.

Source: J.P. Morgan, Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	8	46	6	43	r
Athens	17	62	13	55	r
Barcelona	13	55	3	37	r
Belgrade	1	34	0	32	sf
Berlin	1	34	-1	30	sf
Brussels	6	43	2	36	sf
Budapest	3	37	-1	30	sf
Copenhagen	3	37	-2	28	sf
Costa Del Sol	15	59	4	39	c
Dublin	7	45	4	39	sh
Edinburgh	10	50	6	43	c
Faro	15	59	10	50	c
Florence	9	48	5	41	r
Frankfurt	2	36	0	32	r
Geneva	3	37	0	32	r
Helsinki	3	37	-1	30	sf
Las Palmas	24	75	20	68	fr
Lisbon	12	54	7	45	r
London	6	43	4	39	c
Luxembourg	4	39	-1	30	sf
Madrid	12	54	-1	30	r
Milan	6	43	-3	27	fr
Moscow	0	32	-2	28	sf
Munich	0	32	-7	19	sf
Nice	11	52	6	43	fr
Oslo	0	32	-5	23	sf
Paris	7	45	4	39	c
Prague	1	34	-3	27	sf
Reykjavik	6	43	2	36	r
Rome	10	50	5	41	r
Stockholm	3	37	1	34	r
Strasbourg	1	34	0	32	sf
Venice	—	—	0	32	sf
Vienna	2	36	-1	30	sf
Warsaw	0	32	-5	23	sf
Zurich	0	32	-2	28	c
MIDDLE EAST					
Cairo	27	81	14	57	s
Istanbul	—	—	—	—	—
Manama	—	—	—	—	sf
Riyadh	29	84	11	52	s
Tel Aviv	29	84	13	55	s
OCEANIA					
Auckland	—	—	—	—	—
Sydney	27	81	19	66	sf

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	28	82	19	66	fr
Beijing	3	37	-1	30	fr
Hong Kong	18	64	14	57	fr
Manila	28	82	21	70	sh
New Delhi	—	—	—	—	—
Seoul	-1	30	-5	23	fr
Shanghai	6	43	-2	28	fr
Singapore	31	88	27	81	sf
Taipei	15	59	12	54	r
Tokyo	17	63	8	46	fr
AFRICA					
Algiers	15	59	10	50	r
Cape Town	24	75	13	55	fr
Casablanca	24	75	11	52	fr
Harare	29	100	19	66	s
Lagos	32	90	22	72	s
Nairobi	25	77	14	57	s
Tunis	11	52	7	45	r
LATIN AMERICA					
Buenos Aires	24	75	17	63	r
Lima	24	75	18	64	c
Mexico City	24	75	18	64	r
Rio de Janeiro	29	84	22	72	fr
NORTH AMERICA					
Anchorage	12	54	-5	23	sf
Atlanta	19	66	11	52	sf
Boston	9	48	0	32	sf
Chicago	7	45	0	32	sf
Denver	4	39	-12	10	sf
Detroit	5	41	-1	30	sf
Honolulu	29	84	21	70	sh
Houston	22	72	12	54	sf
Los Angeles	24	75	9	48	sf
Miami	26	79	21	70	sh
Minneapolis	-3	27	-8	18	sf
Montreal	-1	30	-13	9	sf
Nassau	28	77	19	66	sh
New York	15	59	7	45	sf
Phoenix	24	75	6	43	fr
San Francisco	18	64	9	48	fr
Seattle	6	43	1	34	sf
Toronto	2	36	-2	28	sf
Washington	13	55	4	39	sf

c-cloudy; f-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sf-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Smooth. **FRANKFURT:** Overcast. Temps. 5 — 1 (41 — 30). **LONDON:** Rainy. Temps. 6 — 1 (43 — 34). **MADRID:** Fair. Temps. 11 — 5 (52 — 23). **NEW YORK:** Partly cloudy. Temps. 7 — 2 (45 — 36). **PARIS:** Overcast. Temps. 6 — 2 (43 — 36). **ROME:** Partly cloudy. Temps. 10 — 2 (50 — 36). **TEL AVIV:** Not available. **ZURICH:** Overcast. Temps. 2 — -4 (36 — 25). **BANGKOK:** Fair. Temps. 28 — 17 (82 — 63). **HONG KONG:** Fair. Temps. 17 — 10 (63 — 50). **MANILA:** Cloudy. Temps. 28 — 21 (82 — 70). **SEOUL:** Fair. Temps. 2 — -6 (36 — 21). **SINGAPORE:** Fair. Temps. 29 — 25 (84 — 77). **TOKYO:** Fair. Temps. 13 — 8 (59 — 46).

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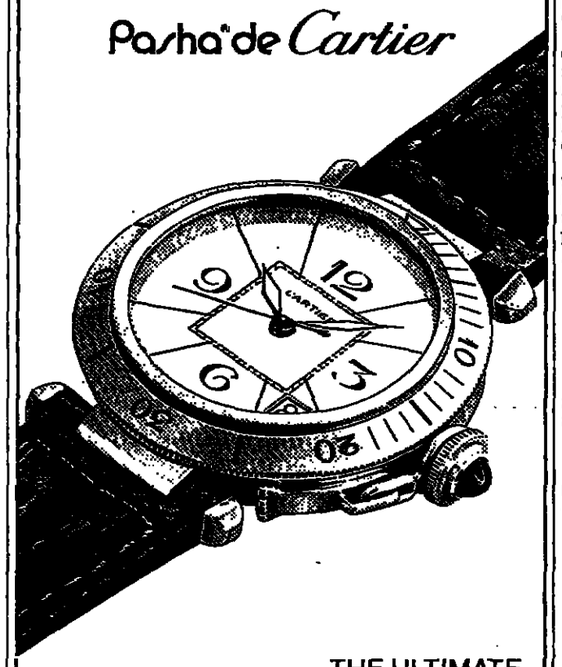

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U.S. Mood Against Tax Increases Hurts Benefits for Jobless

By David E. Rosenbaum
New York Times Service

NEW YORK — The U.S. unemployment insurance system, the main government program meant to ease the pain of recession, is much less effective than it used to be, largely because the federal government and the states have let it wither rather than raise taxes to sustain it.

As a consequence, barely one-third of the jobless are now receiving unemployment checks.

Experts say that proportion will not rise much even if the country enters a severe and prolonged recession, a prospect many economists and politicians believe is possible.

At the depth of the recession in 1975, more than three-quarters of the people out of work received unemployment benefits from the government. In the last recession in 1982, about half got benefits.

"When this recession hits, unemployment insurance is not going to be the effective tool it could and should be," said Representative Thomas J. Downey, Democrat of New York. "A lot of innocent people are going to be hurt because of our inaction."

Mr. Downey is acting chairman of the House Ways and Means Committee's human resources subcommittee, which has jurisdiction over unemployment compensation.

Sentiment against higher taxes is so strong in Washington and across the country that chances are slim the system will be made more generous.

Many states may actually tighten eligibility requirements or lower payments next year if the demand for benefits rises.

In 1989, the average weekly payment was $152; the maximum was $408, in Massachusetts.

But the size of the benefits is not what concerns the critics. As a rule, benefit levels have kept up with inflation over the years, averaging about 35 percent of what workers were earning at their last jobs.

What the critics find worrisome is that with each passing year, fewer workers are eligible for benefits.

That has occurred for two main reasons, said Wayne Vroman, an economist at the Urban Institute, a research center in Washington.

Mr. Vroman, who is working on a study for the Labor Department, said that most states have tightened eligibility requirements in recent years, requiring workers, for example, to work longer and earn more before they qualify and generally denying benefits altogether to those who were not laid off but quit their jobs voluntarily.

The states did this mostly to avoid raising the taxes they charge employers.

Businesses argue, and many politicians agree, that a lower unemployment insurance tax improves the business climate of a state and makes it more attractive to companies that might wish to come there.

The second main reason for the decline in eligibility is that the nature of the work force has changed markedly in the last two decades.

Fewer people are in manufacturing jobs, and many more are in services. Service industry employees tend to earn less and change jobs more frequently.

Many people, especially women, have taken time off from steady work or are part-timers who have not worked enough hours or earned enough pay to qualify under the more stringent rules.

Service workers also are less likely to be unionized, and that has made employers bolder in challenging claims in an effort to keep their layoff record cleaner.

"It is almost unheard of for General Motors or Ford to file a challenge, but the fast-food chains do it all the time," said Walter S. Corson, an economist at Mathematica Policy Research, who has also studied the system's shortcomings for the Labor Department.

The unemployment compensation system was established in 1935 by the same law that created the Social Security system.

AMERICAN TOPICS

Chemical Companies Buying Buffer Zones

Major oil and chemical companies, prodded by lawsuits over pollution and explosions, are spending millions of dollars to create buffer zones by buying the dwellings around their plants, The New York Times reports. Environmentalists say the companies are dismantling established communities and should concentrate on reducing accidents and pollution instead.

A spokesman for the Dow Chemical Co. plant at Plaquemine, Louisiana, said, "There is a risk of an acute accident and we want to protect people living adjacent to the fence lines." A consultant with Moran, Stahl & Boyer, which helps plan relocations, said it is a new trend. He said companies in California, Virginia and West Virginia also were buying land on their peripheries as safety zones.

Most residents who are being bought out for more than the intrinsic worth of their property welcome the chance to move into newer and larger dwellings. But there also is anguish in some communities as neighbors who have lived together are separated.

Dow tried to deal with this problem by establishing a new community. Most householders accepted being bought out, for $20,000 an acre ($50,000 a hectare) and from $50,000 to $200,000 for their houses. But only a dozen moved to the new subdivision. One who did, Doretha Thompson, 78, said, "We didn't hold together like I thought we might."

Short Takes

American Indian tribes are issuing their own automobile license plates, replacing state plates, The Washington Post reports. They are emblazoned with eagles, shields, horses and thunderbirds. Minnesota and North Dakota go along with this; South Dakota and Oklahoma are resisting it. The issue is part of a new ferment over state and tribal jurisdiction in such matters as taxation, zoning, gambling, business, natural resources, welfare and courts.

Judith Martin says in her syndicated column, Miss Manners, that at the dinner table, there is no need to wait until everybody is served to begin eating, providing that the hostess says, "Oh, please go ahead and start," or words to that effect. This, Miss Manners says, "is what gracious hostesses do when they don't have a footman for every guest. Gracious guests, however, must unfortunately sit looking as if food were the last thing on their minds until they hear these magic words.

About People

Michael R. Milken, the junk-bond financier sentenced to 10 years for crimes involving millions of dollars, is virtually certain to go to a minimum-security prison without bars, fences or armed guards. Experts note that he has no previous criminal record and was not convicted of violent crime. He probably will work as a janitor, gardener or typist for as little as 11 cents an hour. But he will have to do without his black, curly toupee. Hairpieces are banned to prevent their use as disguises or to conceal contraband.

Arthur Higbee

Bush Carries Trade Offer on Latin Trip

Compiled by Our Staff From Dispatches

BRASILIA — The South American governments that President George Bush plans to visit this week are hoping to take him up on what they see as potentially one of the best offers they have received from the United States in many years: a hemispheric free-trade agreement proposed by the White House last June.

Although it has received relatively little attention in the United States, the trade initiative is seen here as a handhold that Latin nations might use to help pull themselves out of the mire of inflation, stagnation and debt.

"It is more important than the administration thought when it was launched," Enrique Iglesias, president of the Inter-American Development Bank and a former foreign minister of Uruguay, said of the trade initiative. "It can change the nature of the dialogue with the United States."

In Washington, Bush administration officials said they did not expect any major agreements to come out of the trip.

But they said that along with economic matters a broad range of items would be discussed, including protection of the Amazon jungle, nuclear nonproliferation and the continuing instability in Central America.

A senior State Department official said that, in a time when oil-fueled inflation, debts and economic austerity programs threaten to weaken the authority of democratically elected governments — especially in Chile, Argentina and Brazil — the United States wanted want "to give these guys a shot in the arm."

Aside from parades and other pageantry designed to spotlight Mr. Bush's excellent rapport with several Latin leaders, the central focus of the trip will be devoted to pushing Mr. Bush's Enterprise for the Americas Initiative.

The initiative envisions an eventual free-trade zone from the North Pole to Tierra del Fuego. It calls for negotiations to reduce $7 billion of the region's $12 billion debt to the U.S. government, and includes $300 million in fresh aid to be provided by the United States and other international donors to encourage Latin financial and economic changes.

Mr. Bush was to leave Sunday with an itinerary taking him to Brazil, Uruguay, Argentina, Chile and Venezuela. *(WP, NYT)*

■ **Arms Embargo Ended**

The United States lifted its 14-year-old arms embargo against Chile on Saturday ahead of Mr. Bush's visit, Reuters reported from Washington. The move completes the restoration of normal relations with Chile after President Patricio Aylwin took power last March, ending 17 years of military rule.

QUAKE: *A Sink-or-Swim Mood in a Missouri Town*

(Continued from page 1)

to door. "We're keeping on with the ministry," said a local elder, Louis Greer. Their weekly sermon, "Dealing with an Ungodly World," has not been changed to accommodate the predictions of Mr. Browning, although ministers for other denominations are working the earthquake into their messages.

Only a few shopkeepers plan to close. Most merchants have seen the earthquake prediction as a boon to business in otherwise slow economic times. "Keep 'em coming!" exclaimed the woman behind the counter at the local Texaco gas station and food store.

"To my knowledge, no one has sold their house and left town," said Shirley Perry, a New Madrid real-estate agent and member of the local Chamber of Commerce. "That would be extreme."

Mr. Browning, a scientist, businessman and self-taught climatologist, predicted that the positions of the Earth and moon would create greater than usual tidal forces that would trigger earthquakes in New Madrid, Tokyo and San Francisco.

He has stated there is a 50 percent chance of a quake measuring 6.5 to 7.5 on the Richter scale striking the New Madrid region on Dec. 3, give or take a day.

His projections have been criticized by a panel of earthquake experts gathered by the U.S. Geological Survey. The group found no scientifically valid method behind Mr. Browning's statements.

As for Mr. Browning's oft-repeated claims that he predicted a Loma Prieta earthquake a week in advance, the U.S. Geological Survey obtained taped transcripts of Mr. Browning's talks and found no reference to North America, let alone the San Francisco Bay area.

Mr. Browning simply said an earthquake measuring 6 on the Richter scale would strike somewhere. Geologists point out that there are 110 such earthquakes each year, meaning one occurs roughly every 3 days.

Ivory Coast Voting Set Back

Agence France-Presse

ABIDJAN, Ivory Coast — Local elections have been postponed until Dec. 30, the state radio reported, citing a decree by President Félix Houphouët-Boigny.

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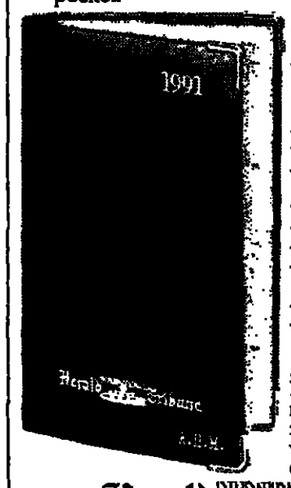

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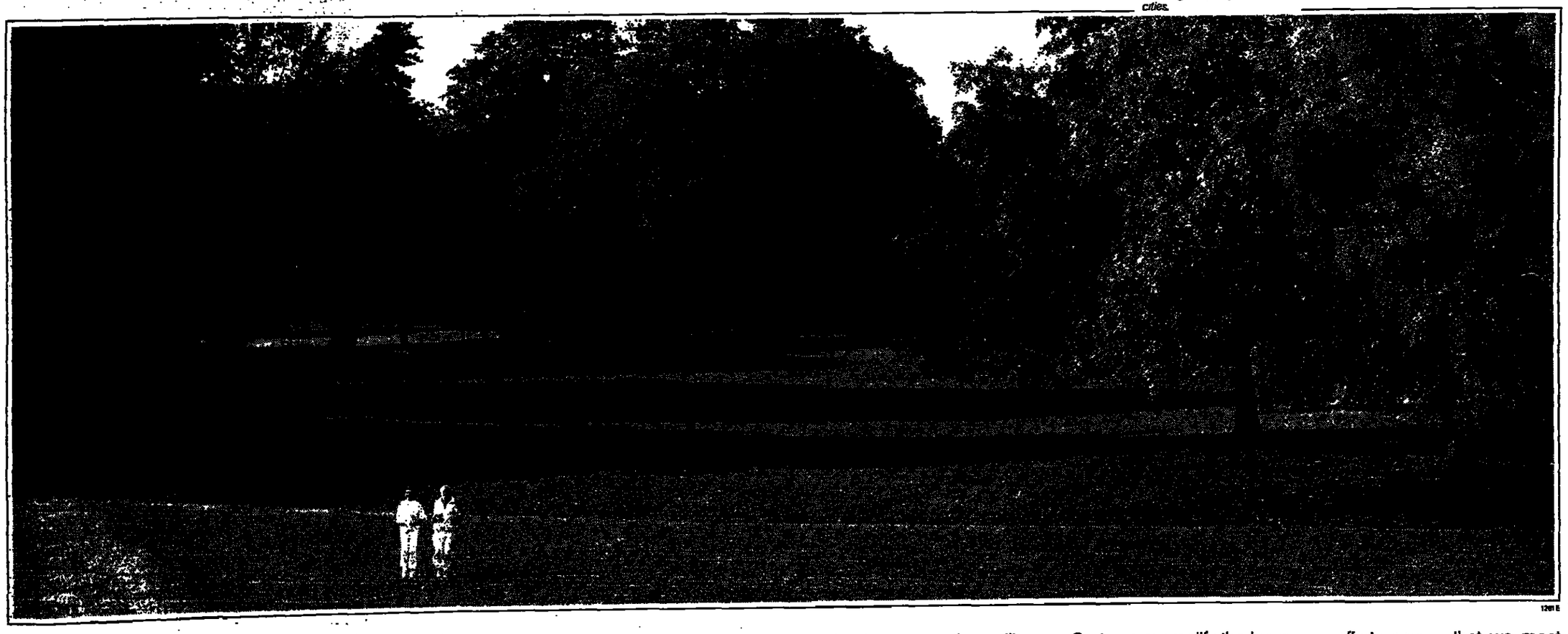

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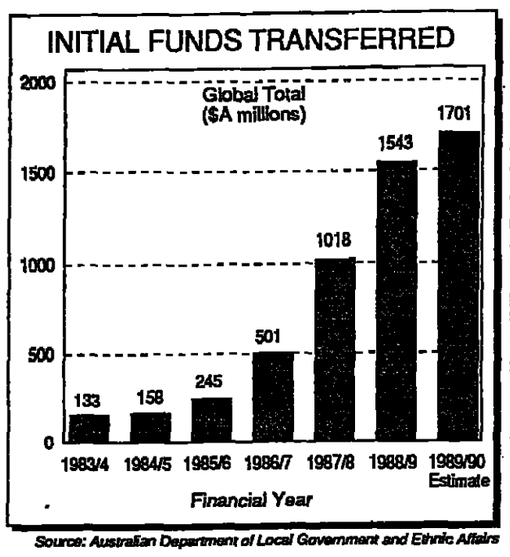

Source: Australian Department of Local Government and Ethnic Affairs

Support Services Ease the Transition

Australia's Business Migration Program has spawned a substantial range of support services to help business migrants establish operations.

This Australia-wide "help" infrastructure now includes a wide variety of more than 200 BMP consultants, some of them significant players, such as banks, and many of them members of the Australian Migration Consultants' Organization, whose goal is to maintain professional and ethical standards among its members.

States are offering many incentives

Business migrant applicants have the option of applying directly to an Australian government office in their own country, but there are considerable advantages in using an agent.

Accredited agents usually offer a range of services, including guidance on where and how to set up a business, how to transfer funds to Australia, information about taxation in Australia — even facts about how to establish a home.

Accredited agencies include legal and accounting firms, Australian state and commonwealth statutory authorities, development corporations, business advisors and other consultants.

Since January 1988, as part of procedures adopted to help fast-track BMP processing, private agencies have been allowed to process applications up to final approval stage. The Commonwealth Department of Immigration, Local Government and Ethnic Affairs still administers the program and makes all final decisions.Migration consultants are now subject to tough controls of standards. Promotion of the Business Migration Program is not limited to the federal government, but also includes individual state governments, agencies and banks.

Your local Commonwealth Bank is computer-linked to 1250 branches across Australia. The Echidna, or Spiny Anteater (*Tachyglossus aculeatus*) is also unique to Australia. Though unlike the Bank, it's rarely seen in temperate zones of the continent.

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Business Migration

MARKET VIEWPOINTS

Perth and Sydney: two-thirds of all business migrants settle in Western Australia or New South Wales.

Hard-Working, Hopeful — and Solvent

Felix Gunawan from Indonesia and Andy Liu from Taiwan are business migrants to Australia who launched a communications company that had an A$1 million (US$762,000) turnover after only four months.

Business migrant Manucher Jamili came to Australia from Spain in 1988. A former finance and administration manager for a major American pharmaceutical company in Tehran, he took over an ailing Sydney delicatessen in January 1989 and has pushed its annual turnover to more than A$1 million. Western Australia is earning millions of dollars in crayfish exports to Taiwan through the efforts of Perth entrepreneur Michael Hsaio, who sold his Yamaha electronics business in Taipei to migrate to Australia in December 1988.

These are just four of the approximately 9,000 business migrants who, with some 28,000 family members,

9,000 entrepreneurs have immigrated since 1981, bringing in billions of dollars

have arrived in Australia since the country's Business Migration Program (BMP) was launched in 1981, bringing with them billions of dollars in investment funds.

The program did not really get under way until three years ago. Numbers have quickly risen from 700 new entrepreneurs in 1987 to 1,400 in 1988, 1,900 in 1989 and an expected 2,500 in 1990-91, who will bring with them around 7,500 family members — around 12.5 percent of Australia's total immigration intake this year. This growth has taken place despite increasingly tough competition for Hong Kong and Malaysian business-migrant dollars from countries such as Canada and the United States, pushing the Australian marketing focus increasingly toward developing nations.

Late last year, the Australian government made its migration deal even more attractive by easing the rules and dropping the minimum A$500,000 entry fee to A$350,000 for business migrants aged under 40. For applicants aged between 40 and 57, the required sum remained at A$500,000, and for those of 58 and over the minimum required is A$850,000.

In addition, all business migrants must have substantial funds to finance their resettlement — at least A$150,000 for those planning to settle in Sydney or Melbourne and A$100,000 for other Australian cities, although in practice much more than this is generally required. To help ease criticism at home that BMP participants have been abusing the system by recycling their upfront money to fund future applicants, the government has also required applicants to transfer a minimum of A$350,000 into a declared bank account in Australia before a visa is issued, and these accounts are checked periodically for three years.

Despite some continued criticism that older migrants have been sitting on their money and living off the income, the Business Migration Program is clearly achieving its aims of creating new jobs, retaining jobs which would otherwise be lost, introducing new or improved technology and stimulating exports while reducing imports. The program is proving to be a good foreign-exchange earner as well. In 1988-89, BMP migrants transferred a total of A$1.52 billion to Australia at the time of migration.

The average business migrant brings around A$650,000 to Australia, a figure that is steadily rising, out of an average net wealth before migration of around A$1.3 million. One in three business migrants has assets in Australia before arrival, averaging A$300,000.

Most of Australia's business migrants come from Hong Kong (30.3 percent), followed by Malaysia (11.6 percent), other Asian countries (10.4 percent), the United Kingdom and Ireland (8.2 percent), other European countries (7.7 percent) and Indonesia (6 percent). Around 68 percent of them are aged between 35 and 49, with 17 percent 50-59 and only 11 percent 25-34. On arrival, 41 percent settle in New South Wales, 21 percent in Western Australia, 17 percent in Victoria and 12 percent in Queensland. Very few of them move later to another state.

The range of business activities into which business migrants have gone runs from breeding rare strains of cattle and publishing tourist magazines in Western Australia to running a golf course in Queensland. The most popular industry is wholesale trade (23 percent of those currently in business), followed by manufacturing (17 percent), finance and property (15 percent), and general construction and retail trade (each 13 percent). One survey indicated that some 47 percent of business migrants are in business after only 12 months in Australia and that those who have been in Australia for more than 12 months employ an average of 10 people.

Not all business migrants have succeeded. A recent report by the Bureau of Immigration Research found that 64 percent of those surveyed were still in business, while 9 percent had been in business and quit, and a disturbing 30 percent of business migrants had not gone into any business at all. About 42 percent of business migrants reported that their level of success was about what they had expected; about the same number felt their expectations had not been met.

The report says the motivations for going to Australia are a mixture of push and pull factors. The positive ones include climate, an unpolluted environment, political stability, democratic and civil rights, and educational and other opportunities for children. One factor attracting an increasing number of young Japanese entrepreneurs, for example, is the chance to sidestep the long, painfully slow escalation from youthful underling to elder executive in the traditional world of Japanese business. The negative factors inducing a migrant to leave his country are generally the mirror image of these: political uncertainty, deteriorating environment and so on.

Although BMP criteria insist that all business migrants be successful businesspeople with sound financial assets and viable business intentions, the program has succeeded in attracting people from an enormous range of backgrounds and nationalities.

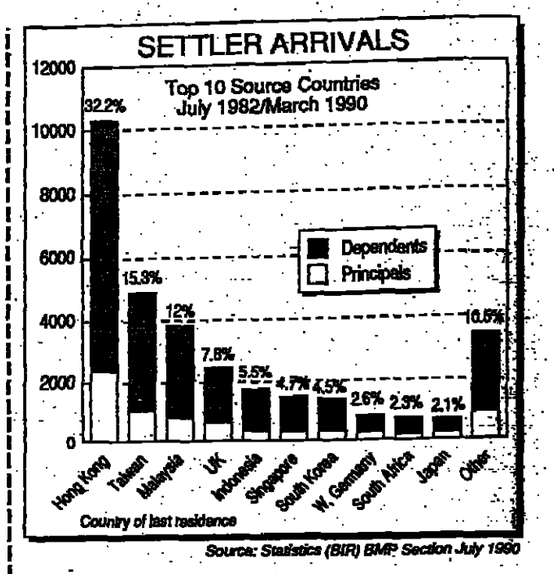
There have been multimillionaires who rose from the slums by manual labor; highly educated and cultured people who wanted to move away from racial discrimination back home; and ex-tradesmen who sold the family home and business to get away from air and traffic pollution.

They all wanted a better environment, in a land they chose after much research. It is not unusual for them to change career direction completely when they get to Australia, sometimes because they find that the business that made their fortune at home is not appropriate in Australia, although the financial and administrative skills they need might be the same.

According to Jenny Hosking, media liaison officer with the Department of Immigration, Local Government and Ethnic Affairs, who has interviewed many business migrants, the overall results are encouraging.

"The [business migrants] I've met have been enormously positive, the sort who'll work 24 hours a day, 365 days a year," she says, "and who recognize the fantastic opportunities Australia has to offer. They're just puzzled that Australians don't feel the same way."

This advertising section was written by Nigel Hopkins, a features writer with the Adelaide Advertiser.



Source: Statistics (BIR) BMP Section July 1990

Choosing Australia

"I chose Australia because I wanted to establish my business where I want to live — not the other way around," says Perth-based exporter Michael Hsiao.

One advantage of Perth for Mr. Hsiao is that the city is in the same time zone as Taiwan, where he expects to send A$5 million (US$3.8 million) worth of crayfish, his export product, this financial year. But a convenient time zone is only one of the reasons business migrants choose Australia.

'The ideal place to live and work'

"I chose Australia because of its business opportunities," says Michael Fung, who once ran a plastics factory in Kowloon and now exports Australian chicken feet to Hong Kong. Howard Coleman ran a business marketing taped language course in South Africa and built an export market to the United States, United Kingdom and Australia.

He migrated in 1988 to New South Wales, where his wife, Dr. Brenda Stein, now works as a research scientist. His newly developed audio-cassette math course already has an A$5 million per year turnover, expected to double next year.

Despite some inevitable frustrations, few business migrants to Australia complain of negative aspects of Australian life, perhaps because there have been none that most of them have not been able to surmount.

Jenny Hosking, media liaison officer for the Department of Immigration, Local Government and Ethnic Affairs, says Asians are typically shocked by certain Australian practices. "One Asian exporter found he needed several different export licenses, all of which needed separate applications and had to be renewed annually," she says.

DAVID CAIRE PARKER

Crayfish exporter Michael Hsiao and his family.

But there is also widespread praise for Australia among business migrants. One American who settled in Australia says: "Australia needs people with money, with a technical and business bent, with ability to manufacture and conceive products. It's a most salable country."

CBA Services

Australia's major banks have all invested substantially in developing the country's Business Migration Program and other migration activities. The Commonwealth Bank of Australia has established a core group of qualified executives in all Australian states and many overseas countries.

In Hong Kong, where CBA conducts nearly 70

CBA advisors are multilingual

percent of its BMP business, the bank employs two multilingual officers who can provide consultation in Mandarin Chinese, Cantonese and Korean. The bank has so far concentrated mostly on clients from Asia, but is now focusing on Europe, India and the Middle East.

Graham Harlum, CBA's senior manager, International Banking Services, says the bank considered accreditation as a migration consultant but decided to concentrate on providing financial services. "The bank prefers to work closely with those professionals, often its own clients, who have committed resources to the wide range of expertise necessary to meet the government's accreditation criteria."

"Even though CBA is not an accredited agency, it is still a member of the Australian Migration Consultants' Association, as this is an ideal forum in which to stay abreast of the BMP market and to exchange ideas with other participants," Mr. Harlum adds. He says that offering personalized, high-quality service is a top priority in the bank's efforts to attract high-net-worth business migrants. The scope of CBA's services has proved influential in capturing new BMP business.

These services include the following:

- Introductions to reputable accountants, solicitors and real-estate agents.
- A full range of banking and investment services, including investment of migrants' funds and the provision of business, housing and personal finance during and after relocation.
- Recommendations concerning suitable settlement areas.
- Location of appropriate businesses for sale or for possible joint-venture projects.
- Information on the Australian life-style, cost of living and economy.
- Information about educational opportunities.

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Agence France-Presse

Lech Walesa, left, and Stanislaw Tyminski checking each other out before a stormy TV debate.

Mazowiecki Accuses Walesa

But He Still Throws Support Behind Solidarity Chief

Reuters

WARSAW — Prime Minister Tadeusz Mazowiecki blamed Lech Walesa on Sunday for his painful defeat in Poland's presidential elections, but he called on his supporters to vote for the Solidarity leader in the runoff.

Mr. Mazowiecki said he had rejected Mr. Walesa's appeal that he stay on as prime minister until parliamentary elections expected in the spring. He asked his campaign officials to organize a new party called Democratic Union to compete in those elections.

Mr. Mazowiecki finished a surprising third in the first-round vote a week ago, behind Mr. Walesa and an émigré businessman, Stanislaw Tyminski. A second round between the two leading contenders is to be held Dec. 9.

Mr. Mazowiecki accused Mr. Walesa of unleashing "a wave of demagoguery and easy promises" in the election campaign.

But he added, in an evident reference to Mr. Tyminski, "In the face of the extreme irresponsibility which may endanger Poland, my opinion is that one has to vote for Lech Walesa."

Mr. Tyminski has promised to bring the American dream to Poland by building a "democracy of money." He has been accused by Mr. Walesa of being backed by former secret police colonels.

■ **Stormy Debate**

Mary Battiata of The Washington Post reported earlier from Warsaw:

In a wild exchange before a live national television audience, Mr. Tyminski threatened Mr. Walesa on Saturday night with a black briefcase that he said contained incriminating evidence about his opponent's personal life.

"I have a lot of material, and I have it here, and some of it is very serious and of a personal nature," the maverick presidential candidate said ominously, as a television camera zoomed close to show a shiny black leather briefcase near his feet.

Mr. Walesa reacted quickly.

"I demand immediate publication of these documents, absolutely, right now," he snapped.

"Perhaps we can talk privately," Mr. Tyminski answered, apparently startled by Mr. Walesa's retort.

"No," Mr. Walesa said angrily. "If you accuse me, show the documents."

Mr. Tyminski never did, a pattern that was repeated during the tumultuous joint press conference.

Throughout the evening, the first time the candidates in the presidential runoff have appeared together, Mr. Tyminski dodged questions about alleged visits to Libya, but admitted that several former Polish secret police colonels and lieutenant colonels were on his national and regional campaign staffs.

He said he had employed the one-time agents of the Communist government as a matter of charity, "like Jesus when he invited Judas to become a member of his group."

The latest opinion polls show Mr. Walesa well ahead, with 58 percent support to Mr. Tyminski's 30 percent.

Mr. Tyminski insisted that government computer records showing he had traveled to Libya could be attributed to mistaken identity. "There are in the Warsaw telephone books seven Stanislaw Tyminskis, and perhaps one of them went to Libya," he said.

On Friday, the Polish Interior Ministry reported that computerized immigration records showed, with "little doubt," that Mr. Tyminski had traveled through Libya seven times on his way to Poland during the 1980s.

Mr. Tyminski, who arrived in Poland last month after living in Canada and Peru for 21 years, described himself as an independent candidate who had "absolutely no contact with the former regime."

He first claimed not to know of the presence of former Communist officials on his staff. "I never asked him about his past," he said of his closest adviser, a former correspondent for Trybuna Ludu, the newspaper of the Communist Party Central Committee.

He later said he employed members of the former secret police out of charity, adding, "If someone cooperates with someone outside our staff, it's not my problem."

Gorbachev Empowers Committees to Monitor Distribution of Food

By Bill Keller

New York Times Service

MOSCOW — President Mikhail S. Gorbachev has ordered the creation of worker vigilante committees with unusual powers to monitor the food industry and punish those involved in theft and speculation.

The committees, to be elected at workplaces across the country, were given the authority to shut down "guilty enterprises" temporarily and to demand the dismissal *of personnel and the institution of* criminal proceedings.

Mr. Gorbachev's decree was a concession to growing public sentiment for a "strong hand" to correct the breakdown of the state food distribution system and calm unrest over barren state grocery stores.

Anger at food speculation and black marketeering has grown so great that the daily Komsomolskaya Pravda last week published a letter from a group of readers who said they were organizing armed "lynch mobs" to patrol stores and food distribution centers.

The decision to empower the worker committees, an echo of the "workers control" enforcement groups set up by Lenin's Bolsheviks after the 1917 seizure of power, was the latest sign that Mr. Gorbachev is increasingly turning to the more conservative institutions in society to contain spiraling disorder.

At the Soviet leader's instructions, the KGB security police announced Friday that it was forming a special unit to combat economic sabotage and to supervise food relief deliveries from abroad.

Tons of food packages have begun arriving here from Germany, which is swept up in a press campaign suggesting that starvation is imminent in the Soviet Union and eager to reward Mr. Gorbachev for easing the way to reunification.

Mr. Gorbachev has also given the military greater license to use force if necessary in dealing with attacks on its authority, especially in the rebel Baltic republics.

Whether the worker committees will actually become the force for stability that Mr. Gorbachev seeks remains to be seen. The plan is likely to be ignored by indepen*dently elected governments of* some republics and cities.

In a presidential decree published Saturday in the Communist Party newspaper Pravda, Mr. Gorbachev said, "The strictest workers control will be imposed on the movement of food and consumer goods through all channels from the producer to the consumer, to cut hoarding and spoilage of goods, theft and speculation."

The committees, which are to be established within 10 days, will have the right to inspect food and light-industry plants, shops, transport networks, and cooperatives, to examine all of their records, and to close "guilty" enterprises temporarily.

Control committees will also be able to demand the suspension or dismissal of employees guilty of abuses or mismanagement, and the institution of criminal proceedings if necessary.

The decree envisions on-site trials for serious cases of embezzlement and profiteering, though it is not clear whether these would be carried out by regular judges or some special tribunal.

Mr. Gorbachev promised firm measures to regulate food supplies two weeks ago when he outlined plans to remake the Soviet government. He has so far not provided additional details of his plan, which envisioned replacing the current government with a committee including leaders of the 15 republics and dominated by himself.

Rationing of some basic foods has become common in Soviet cities over the last two years. On Saturday, Leningrad introduced its first widescale rationing program since World War II, and Moscow — which has already outlawed sales to nonresidents — is contemplating a wider rationing program.

The Leningrad program is to allow each resident to buy the following goods in state stores for each month: 1.5 kilograms (3.3 pounds) of meat and meat products, one kilogram of sausage, 500 grams of butter, 250 grams of vegetable oil, 10 eggs, one kilogram of cereals and pasta, and 500 grams of flour.

Residents can buy without restrictions at farmers' markets, which contain bountiful food supplies but at prices beyond the reach of many consumers.

Acquittal Upheld Of Ex-Nazi Chief

The Associated Press

BERLIN — A German court has upheld the 1988 acquittal of a former Nazi Gestapo chief accused of complicity in the murder of French Jews who were sent to the Auschwitz concentration camp.

Count Modest Korff, 81, had been accused of ordering the deportation of Jews from the Châlons-sur-Marne region of northeastern France, where he served as Gestapo chief in 1942 and 1943. He was accused in the deaths of 177 deportees.

The Federal Court of Justice in Karlsruhe said Friday that it had reviewed the evidence and could not find any legal errors. Mr. Korff's acquittal in November 1988, after a 14-month trial, was based on insufficient evidence.

Soviet Interior Minister Fired

By Michael Dobbs

Washington Post Service

MOSCOW — President Mikhail S. Gorbachev conceded Sunday to one of the main demands of Communist Party hard-liners by firing his interior minister and putting a former KGB general and a top military commander in charge of strengthening law and order.

Tass reported the replacement of Interior Minister Vadim V. Bakatin, who has been sharply criticized by conservatives for failing to put a stop to ethnic unrest.

In a terse four-line communiqué, the official news agency said that Mr. Bakatin was being replaced by Boris K. Pugo, 53, the head of the Communist Party's Control Commission. Mr. Pugo earlier served as head of the KGB security police in the Baltic republic of Latvia.

Almost as important as Mr. Pugo's appointment is the naming of General Boris V. Gromov, the last commander of Soviet troops in Afghanistan, as his principal deputy.

General Gromov, who probably has more combat experience than any other Soviet general, has been an outspoken critic of liberal trends in Soviet society and is widely regarded as one of a handful of top commanders with political ambitions.

The full significance of the government reshuffle is unlikely to become clear for several days, although it clearly signals Mr. Gorbachev's intention to take a tougher line on law and order. In the past, the Soviet leader has often balanced the dismissal of progressive politicians like Mr. Bakatin with moves against conservatives.

An energetic proponent of change in the Gorbachev mold, Mr. Bakatin earned the trust of Soviet intellectuals and radical politicians, even though he did not ally himself directly with any political group.

But he was a favorite political target for an influential conservative lobby in the Soviet parliament, Soyuz, which blamed him for ethnic unrest that has cost several hundred lives this year alone.

In addition to being responsible for a 700,000-strong police force, the Soviet interior minister is also directly responsible for about 400,000 Interior Ministry troops and special anti-riot squads. These troops have been deployed in many parts of the country to curb nationalist disturbances, and they would almost certainly bear the brunt of enforcing any future crackdown.

The appointments suggest that Mr. Gorbachev is anxious to ensure smoother cooperation between the army, the KGB, and the Interior Ministry — the three institutions that effectively control the still awesome repressive apparatus of the Soviet state.

Mr. Pugo, a protégé of the late Soviet leader and KGB chief Yuri V. Andropov, is obviously well-placed to coordinate action with the KGB, while General Gromov has the confidence of the military command.

Kuwaitis Describe Atrocities

They Say Iraqis Raped, Tortured and Killed Civilians

By James LeMoyne

New York Times Service

DHAHRAN, Saudi Arabia — Refugees arriving here after fleeing Kuwait have offered emotional accounts of continuing Iraqi killings, rapes, torture, and forced evacuation of civilians.

The victims included a 12-year-old girl who was sexually attacked by an Iraqi soldier two weeks ago, according to an account provided by a Kuwaiti doctor who said she had tended the child.

More than 300,000 Kuwaitis, nearly half the population, are estimated to have fled into Saudi Arabia, Kuwaiti and Saudi officials said. Most first come to hotels here in Dhahran, where those interviewed were found.

Their reports offered a vivid picture of an occupied country veering between emotional destitution and determined resistance to Iraqi annexation.

"I can't imagine giving up my Kuwait nationality for anything," said the doctor, who fled across the border last week. "I left in part because I refuse to become Iraqi."

Then, in clinical terms that seemed chosen to permit her to keep control of her emotions, the doctor precisely detailed the rape by Iraqi soldiers of six different women whose injuries she said she had tended.

"The incidence of rape is now increasing in a pattern that seems to be repeated, like a contagious disease," she said. "Iraqi soldiers enter a home, tie up the men, rob the valuables, and then rape the women."

"Most of the women I saw were molested and then sodomized," the doctor said.

Like all of the recent refugees interviewed, the doctor would not give her name, because she said she feared Iraqi retribution against relatives still in Kuwait.

The doctor said the 12-year-old girl had been attacked by an Iraqi soldier who was one of a group that entered her home in a Kuwait City suburb two weeks ago.

The girl said the soldier had abused her in front of her father and mother, the doctor said, adding that the girl's mother had told of bribing the soldier with $3,000 to stop him from raping her daughter.

The doctor said the head nurse at the main military hospital in Kuwait was raped at the beginning of the occupation by an Iraqi officer who was outraged when the nurse told him she would keep working in the hospital "because she felt it was her duty as a Kuwaiti."

The doctor also detailed a growing shortage of medicines, worsened by the Iraqi confiscation of the main medical warehouse in the suburb of Sabham three weeks ago.

One of those who says he suffered as a consequence is a Kuwaiti refugee who gave his name as Abdul Nabib, 45. A double amputee, confined to a wheelchair, he says he fled Kuwait two weeks ago in a car with relatives.

Mr. Nabib said that when the Iraqis invaded, he was lying in a hospital bed recovering from an operation to amputate his feet that had become infected as a consequence of diabetes.

"The Iraqi soldiers came into my hospital room and took my artificial limbs," he said.

A 45-year-old Kuwaiti exile who gave his name only as Mohammed said Iraqi soldiers shot a 19-year-old man, Sadia Ali Jassim, in front of his mother, after accusing him of helping the resistance. The killing occurred on Sept. 26 in a suburb of Kuwait City, he said.

The doctor said the Iraqis had executed another physician, Hisham Obaidan, in front of his wife and children in October after accusing him of tending to wounded members of the resistance.

A 12-year-old Kuwaiti boy named Mohammed said he saw another 12-year-old boy who had been tortured with cigarette burns by Iraqi soldiers as punishment for painting anti-Iraqi graffiti on walls.

Albanians Set Feb. 10 For Parliamentary Vote

Agence France-Presse

VIENNA — Albania has set Feb. 10 as the date for multicandidate parliamentary elections, the official news agency ATA reported.

The leadership of the People's Assembly, or parliament, set the date after passing a law last month that will for the first time allow at least two candidates to run from each constituency in direct elections, using secret ballots. Candidates must gather at least 300 signatures to qualify, and may run their own campaigns, using the press, radio and television.

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OPINION

Extra Mile in the Gulf

Strength and Patience

Newly armed with a United Nations Security Council resolution that implies using force against Iraq, President George Bush has quickly made the best use of it — as a weapon of peace. He surprised and pleased people everywhere, probably including Iraq, with his offer on Friday to send Secretary of State James Baker to meet face to face with Saddam Hussein in Baghdad and to have the Iraqi foreign minister come to Washington.

What the president calls going "the extra mile for peace" may not be the last mile, as Mr. Bush suggested. But it is surely a welcome one, offering an opportunity to communicate American sentiments clearly to Saddam. However Americans may differ about the timing and form of action against Iraq, they seem largely agreed on the goals that the president has pursued since the Gulf crisis began four months ago. Mr. Bush articulated them cleanly on Friday: Saddam Hussein's brutal aggression into Kuwait must not be allowed to stand, and America's vital interests in the Gulf must be protected.

Mr. Bush has explained less well why patience has become a dirty word and these interests cannot be more prudently pursued over time. "I will continue to be patient," he said, but added that the Iraqi leader better understand that "time is running out."

The Security Council resolution tells Saddam to get out of Kuwait by Jan. 15, or else. At a minimum, the resolution provides a welcome reaffirmation that it is the whole world, not merely America, that is outraged by Iraq's aggression against and occupation of Kuwait. Neither the resolution nor the president, however, explains why the worldwide embargo against Iraq is not a sufficient weapon, far preferable to military force as long as it is reasonably likely to work.

Many citizens, including military authorities, believe that it is likely to work, and that belief seems widely reflected in Congress. Thus whether the United States uses force come Jan. 15 is not a settled question, for that is not a decision for Mr. Bush alone. He has unlimited power to work for peace; the power to make war is shared.

The president talked on Friday as though he thought Congress was vested merely with the power to rescind war once he had declared it. Saddam Hussein can read the Constitution as well as Americans can. Now it is up to Congress, even as it welcomes Mr. Bush going the extra mile, to pronounce the last word. Patience.

— THE NEW YORK TIMES.

Bush Deserves Support

To the new United Nations resolution endorsing force after Jan. 15 if Iraq does not quit Kuwait, George Bush has now added the offer of early direct high-level talks with Iraq. By this thoughtfully conceived, skillfully executed one-two sequence, he has put in place a coherent strategy, strengthened military and diplomatic options alike and, we believe, substantially improved chances that the crisis will be resolved peacefully and on United Nations terms. He has also, we think, gone a good way to allay the anxieties of those who had feared that his policy was spinning out of control.

Until Friday, Mr. Bush had rejected Baghdad's repeated calls for high-level dialogue, demanding prior Iraqi respect for UN resolutions. He had relied on others to explore (unavailingly) the diplomatic terrain. Even many of those who accepted the logic of his military buildup wondered if he was fulfilling his obligation to exhaust all diplomatic possibilities before sending American forces into battle.

On Friday, a day after the United Nations acted, Mr. Bush filled this gap. The price is cheap, the timing deft. He changed course, he said, to make sure that an isolated Saddam understands what he is up against. The Iraqi is no doubt isolated, and he comes out of a political tradition where eye-to-eye discourse at the top is what counts. For Secretary of State James Baker to go to Baghdad and for his Iraqi counterpart to come to Washington enables the requisite full exchange as the clock ticks down to Jan. 15.

Full Iraqi compliance with UN resolutions is the core American demand that the Bush administration will take into the talks. Mr. Bush sees no reason to compromise, and there is none. President Hussein, who on Saturday accepted the talks, could not have failed to notice that the call for his removal is not on the short list of UN objectives that President Bush pledges the United States to achieve and that Mr. Bush's openness to eventually discussing "all aspects of the Gulf crisis" points toward a broader regional agenda.

Without stepping back, as we read it, the president has moved to solidify both foreign and domestic support at a moment when the question of war and peace hangs in the balance. He has, as he claims, "gone the extra mile." He has earned broad domestic support, to match the international support he already has, for his effort to win Iraqi respect without conditions or contingencies for the resolutions of the United Nations.

— THE WASHINGTON POST.

A Weak Case for War

In bits and sound bites, interviews and briefings, the Bush administration has finally explained why it abruptly shifted three weeks ago from Desert Shield to Desert Sword. Until then, the purpose of the troops in Saudi Arabia was defensive. Now officials are starting to make the case for changing to the possibility of offense. The case they present is unpersuasive.

The Security Council has now authorized force to evict Iraq from Kuwait, but many nations do not share George Bush's enthusiasm for an early showdown. Few are willing to commit their own troops in force. Far more important, growing numbers of Americans question the president's haste. At Senate hearings last week, some of the country's most knowledgeable strategic authorities challenged the administration's policies.

Here are some of the most frequent administration arguments, and some reasons why they seem inadequate.

The coalition won't survive much delay. Tensions between Arab states and Israel could erupt at any time, the argument goes, and conservative Arab states may be destabilized by the long-term garrisoning of American troops.

These are legitimate concerns. But so far, the glue of self-interest has held fast, even during the crisis over Temple Mount. War, with its likely high toll of Arab civilian casualties, would test allied unity far more severely than patient pressure. And King Fahd made plain last week that he considered the foreign military forces supporting Saudi Arabia "a blessing from God."

Time is on Saddam Hussein's side. The U.S. deployment is set to peak early next year. From then on, morale and logistics problems will mount. After February, summer heat will start returning to the Saudi desert. Meanwhile, every day Iraqi forces are entrenching their positions, and dismantling Kuwait.

True enough. But the logistical and morale problems are self-inflicted, and would be eased by a return to the smaller scale of Desert Shield. Experts doubt that a war begun after Jan. 15 could be concluded before the onset of hotter weather. And a calendar-driven timetable could bias tactics toward massive air strikes, producing horrific civilian casualties but still requiring ground combat later. What is more, the administration argument ignores the sapping of Iraq's fighting strength through the cumulative impact of sanctions.

Iraq's abuse of hostages is intolerable. Saddam Hussein has manipulated the hostage and embassy issue, and President Bush's gut feelings are real. But Mr. Bush sensibly proclaimed at the start of the Kuwait crisis that concern for the hostages could not be allowed to overturn sound policy judgments. That is still the wisest position.

Iraq must be stopped from going nuclear. Four months ago, the Bush administration insisted that Iraq's nuclear program posed no imminent danger. But in an ex-poll-facto judgment, after surveys showed Americans viewing a nuclear threat as the only plausible reason for war, the White House has been sounding nuclear alarms. Expert opinion still holds that Iraq is years away from a deliverable nuclear weapon. And diplomacy, not military preemption, remains the most effective response to potential nuclear threats.

High oil prices will wreck the world economy. The embargo against Iraqi and Kuwaiti oil will shave one or two percentage points off world growth rates in the short term. But as former Energy Secretary James Schlesinger noted at Senate hearings last week, most of this price has already been paid. The world oil market, Mr. Schlesinger reported, "has now been brought into balance ... without Iraqi and Kuwaiti crude."

America, as Mr. Bush noted on Friday, has vital interests at stake in the Gulf. Chief among these are preventing a single dictator from gaining decisive control over world oil supplies, and assuring that naked aggression reaps no rewards. Both of these interests are fully served by the original operation Desert Shield. Iraq has been deterred from moving against Saudi Arabia, and suffers economic punishment rather than reward for grabbing Kuwaiti oil fields.

With vital interests on the line, fighting may eventually become necessary. In that case, heavy costs will have to be borne, and Americans will bear them. But honest and informed citizens remain skeptical that that threshold has yet been crossed, or even approached.

— THE NEW YORK TIMES.

Other Comment

Losing Precious Momentum

Optimism is in short supply in South Africa. A political deadlock stalls the preliminary talks necessary to pave the way for a new nonracial constitution. Violence claims black lives and fuels deadly rivalries. Mass protests harden a growing number of whites against change. President Frederik W. de Klerk met on Tuesday with Nelson Mandela, deputy president of the African National Congress. The two leaders renewed their commitment to "the peaceful negotiation process." But the pace of progress has slowed.

— Los Angeles Times.

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For American Balance, Neither Blues Nor Bluster

By Flora Lewis

PARIS — Word from America is about a mood of blues, depression, sense of guilt, fears of decline and dilapidation, a bleak future. A poll shows 4 out of 10 expecting things to be worse in the next five years, compared to 2 out of 10 in 1984.

This is an extraordinary contrast to the smug euphoria of last year, when the long confrontation with communism suddenly dissolved and the American way — the democratic system and free enterprise — was proclaimed triumphant.

The choice cannot be to look after either the world or the United States. It isn't that kind of world anymore.

It is also a sharp contrast to the East, and to the feeling of Americans and West Europeans who go there to listen to pleas for aid and advice on how to "join" the open world. They explain, and commiserate, and discuss the tremendous problems of change. They can't help feeling lucky, privileged, maybe wiser — until they cross back over what is still the great divide in how people live and what they worry about.

One commentator says "America is like a barroom drunk," bragging about its prowess one moment and then blathering disconsolately about the hopelessness and futility of it all. Louis Lapham, the editor of Harpers, is quoted as writing, "I find myself wondering whether the American experiment with democracy may not have run its course."

And that at a time when masses of people around the world are declaring that democracy can't be considered a luxury, as cynics suggested a generation ago, but is a necessity.

The hangover is understandable. There was a period of intoxication, of trumpeting "We're Number One" and deliberately but unavowedly neglecting the maintenance and care of society — education, the chronic poor, roads and bridges, the plunge into debt. But a hangover can be a lesson; it isn't a fatal disease.

There has been a peculiar line drawn between foreign and domestic affairs, as though Americans live in two separate worlds that have nothing to do with each other.

Perhaps there was something in the warning by Georgi Arbatov of the Soviet Union that when America lost its Communist enemy, it wouldn't know what to do but mope.

The British philosopher Bertrand Russell wrote that he learned when very young not to compare himself with others because he always found some who were worse, "and that was bad for me," and some who were better, "and that was bad for me." But it is also true that it is the one way to put your problems in perspective when you get bleary-eyed and risk losing balance.

The Gulf crisis brought the sense of things going wrong into intensified focus. In the first weeks after Iraq invaded Kuwait there was a certain exhilaration to see that the world still looked to the United States in an emergency, that the United States was still the leader and nobody else would or could play the role. Now the burden is weighing.

People ask why America is practically alone in the military buildup. They ask if it is worth fighting for oil — which gives wealth and power to dominate, the things that wars have always been about and aggressors always sought. Reaganesque bravado, which cheered the conquest of Grenada (for the wrong reason), has been left behind now that the challenge is vastly bigger and more serious.

The Gulf is not a sashay into Panama, a street brawl or a Saturday afternoon game that leaves everything more or less the same when it's over. Careful planning and public understanding are needed not only on how to deal with the crisis but also on the consequences to be faced after.

Sensitivity to Saudi Arabia's strictures is irritating, and in a way demeaning. In respect for its way of life, which can mean death for U.S. troops, the Red Cross is painted out on ambulances, the troops are forbidden pork as well as beer, the president goes out to sea for Thanksgiving prayers.

French troops kept the cross, which is simply an inversion of the colors of the Swiss flag, but added a Muslim red crescent. They dress their chaplains as medical aides and — it boggles the mind for the French — forbid wine. It has not been publicized, and people in France don't know it.

There isn't an easy way out. War must be avoided if possible, but it may not be possible. Yet the choice cannot be to look after either the world or the United States. It isn't that kind of world anymore. The United States cannot run it alone, and cannot meet its own needs and aspirations by turning its back.

There are things to be done urgently at home, and abroad. To slump into resigned depression or a sense of being powerless would do no more good than noisy, empty boasts.

The United States can't fix all the troubles in the world; neither did it cause them.

The New York Times.

Big GATT Cats Have Designs on the Third World

By Martin Khor Kok Peng

PENANG, Malaysia — Trade representatives of industrial powers have been engaged in a dangerous assault on the economic sovereignty of Third World nations through the Uruguay Round of global trade talks. The implications of this assault have received scant public attention because negotiations have been conducted largely behind closed doors and remain hidden from the scrutiny of citizen groups, and even from national legislatures.

The industrial countries are trying to extend and tighten their control of the world economy and the economies of developing nations. They are seeking, in many areas of negotiations, to downgrade or remove entirely the "development principle" that has been accepted under the rules of the General Agreement on Tariffs and Trade.

When this principle is invoked, developing nations can be given exemptions or privileges, such as a longer time frame, in complying with certain GATT obligations. Such concessions recognize the handicap they face in being less economically advanced than the industrial powers.

In the Uruguay Round, the development principle has been increasingly eroded and ignored by major powers. They assert that Third World nations should be treated no differently from themselves. Industrial countries have also shown less interest in offering concessions that are of real interest to the Third World, such as reducing tariffs and improving market access for products from developing nations.

Instead, the aim of industrial countries is to radically restructure GATT and greatly enlarge its powers so that the organization can become a kind of world economic policeman to enforce new rules that would maximize unimpeded operations of multinational corporations.

If the new rules for trade in agricultural goods, services, investment and intellectual property rights are incorporated into the GATT framework in the way proposed by industrial powers, Third World nations will have to open up and liberalize their national economies. This will give multinational companies sweeping rights not only to export to the Third World but also to invest and set up bases there. They will also gain the right to be treated like locally owned companies subject to minimal state controls. This freedom will be granted in service sectors such as banking, insurance, transport, communications, media and professional services as well as in manufacturing and agriculture. Locally owned small and medium firms will be swallowed up rapidly.

The result will be ever expanding monopoly powers over ever extending geographical areas in more and more economic sectors by fewer and fewer mega-companies. For industrial powers, a "successful outcome" of the Uruguay Round would mean increasing concentration of capital and market power in their hands. For the Third World, it would mean abdication of control over national economies to foreign enterprises and increasing marginalization in the global economy.

The writer, research director of the Consumers' Association of Penang and editor of Third World Network Features, contributed this comment to the International Herald Tribune.

The Cloaks and Daggers in Europe Need an Airing

By William Pfaff

PARIS — Shortly after the war ended in Europe, the British intelligence service and its American counterpart began to organize for World War III. They began to develop underground networks, many of them reactivated wartime resistance groups, meant to function if the Soviet army overran Western Europe. The British took northern Europe. The Americans took Italy, the Mediterranean and the wartime neutrals, Sweden and Switzerland. Their purpose was to prepare intelligence-gathering, sabotage and political resistance.

However, many of the most effective wartime underground groups had been Communist. This was true in France, Italy and Greece. They had been part of the allied solution, so long as Nazi Germany controlled Europe. After 1945 they were part of the problem. The threat seen in Washington and London was not only of Soviet invasion of the West but of Communist seizures of power in Western Europe. This was not fantasy, even if we know in retrospect that the size of the danger was exaggerated.

Communist parties did consider the possibility of "revolution" in Italy and France, which meant armed uprising. In Greece, war between Communists and the royalist government lasted for three years and killed 2 percent of the population — something like 150,000 people. The Greek civil war ended when Tito broke with Stalin and the supply of munitions to the rebels through Yugoslavia was disrupted.

In Western Europe, Stalin instructed Communist parties to be prudent. He wanted nothing begun that could get out of hand. He understood how weak the Soviet Union actually was.

London and Washington did not. Hence their organization of a new underground, formally begun in Belgium with an agreement between Prime Minister Paul-Henri Spaak and Sir Stewart Menzies, head of British intelligence. In 1952 the groups there and elsewhere were put under the control of a secret committee of SHAPE, the allied supreme headquarters. Networks were recruited in Austria, Spain, Sweden, Switzerland and the NATO countries.

Anti-communism was naturally an essential criterion in the recruiting. The secret of the networks' existence was restricted, as far as possible, to conservative officials, rightist politicians and secret services. These seem not always to have been very forthcoming about it to some of the governments they served.

This secrecy and the rightist political character of the organization are the cause of its explosion into scandal. The Italian network is accused of involvement with the conspiratorial P-2 Masonic lodge run by the banker Licio Gelli, which in the 1970s tried to organize a rightist coup d'état. Suspicion has been expressed that in some way the network was implicated in the 1981 bombing of Bologna's railway station, when 85 people died, or even in the Red Brigades' murder in 1978 of the Christian Democratic leader Aldo Moro, who envisaged bringing Communists into the government.

It has been asked whether the networks had anything to do with the colonels' coup in Greece in 1967, which brought seven years of dictatorship. In Belgium, an investigation has begun into the possibility that a connection exists to a series of murderous and seemingly senseless attacks on supermarket shoppers in the mid-1980s.

There, as with the Bologna bombing and other incidents of rightist terrorism in Italy, a "strategy of tension" is suspected, meant to destabilize governments and push public opinion toward *authoritarian* solutions. There even is a suggestion that the British network was involved in the 1970s in what seems to have been a contemplated coup against Harold Wilson.

William Colby, former head of the CIA and one of the networks' organizers, has acknowledged to the Italian press that the networks did exist, but he says they were responsibly conceived and a proper policy measure in the circumstances of the times. He said he had absolutely no knowledge as to whether the Italian network was engaged in domestic subversion. "It was entirely under Italian control."

No one knows the truth, or at least no one has been willing to talk. An Italian magistrate has been conducting a painstaking and politically explosive investigation. There is to be a parliamentary investigation in Belgium. The European Parliament has demanded an investigation.

Since the allegations cover terrorism, attempts to overturn democratic governments and other forms of political interference, America is implicated as co-founder and paymaster of the organization. (According to a former Italian defense minister, Paolo Taviani, when he was in office in the mid-1950s Italy's secret services were all controlled by "the boys in Via Veneto," meaning the American Embassy.)

In the conditions of the 1940s and '50s, the operation would seem to have been prudent. How realistic it remained in the 1970s and '80s is another matter. Did it slip from responsible control? Were the national groups allowed to take off on their own adventures, while links were kept up with NATO headquarters? Is the CIA really so ill-informed about what happened to the Italian network?

The matter is serious and deserves the attention of Congress. The accusation that the United States exploited the networks, or permitted them to be exploited, against the interests of democracy, rather than in its defense, requires a proper and truthful answer.

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The Forum For Nursing Yugoslavia

By Stephen S. Rosenfeld

WASHINGTON — Consider that had we all been paying attention 18 months ago to the nasty spat that was heating up between Kuwait and Iraq, timely action might have been taken to mediate the dispute, and the whole current crisis probably would have been avoided. You can find no more dramatic a demonstration of the costs of inadequate intelligence, bureaucratic inattentiveness or policy blindness, whatever it was.

For the evident fact is that, much as we Americans like to think we are playing on a grand stage, it is not History that is on the march in the Gulf but bad judgment, and a part of it is ours. This was a preventable war.

Now consider the recent report by David Binder of The New York Times, a veteran Balkan hand, that the CIA is predicting that in 18 months the fractious federation that is Yugoslavia may come apart and erupt into civil war. Did the CIA blow Kuwait? Is it trying to protect itself against the prospect of a big explosion, and further agency embarrassment, in seething Yugoslavia? No matter. You do not have to believe that the Balkans could again blow up all of Europe to anticipate the chaos and violence that could attend the splitting of Yugoslavia. This time, for the next crisis, we should be alert.

It is a serious matter when America comes to a view that a friendly state may soon disappear. In the general marketplace it is by now a familiar judgment, but political chatter and newspaper talk are one thing and a formal verdict by a great power's intelligence service is another. The official murmuring of the very possibility can be regarded as an offensive act, a no-confidence gesture, part of a campaign of "destabilization." None of this appears true in this case, but Yugoslavs may well fear that a dispassionate intelligence estimate can all too easily become a self-fulfilling prophecy.

The temptation is strong to take up a pose of anxious concern and let it go at that. It's not our problem; it's their problem, and if they are determined to be so bloody-minded, we Americans should simply leave it to the Europeans to do what they can, if anything. This fits ill with the American record. After World War I, Woodrow Wilson hatched Yugoslavia, and after World War II, successive American presidents sustained it and built it into the wall of containment of Soviet power. Still, you could make an unsentimental case that with the end of the Cold War Yugoslavia is expendable, or at least not so much worth worrying about as it was before.

Yugoslavia is, from an ethnic point of view, a hard case. We Americans, drawing from our own relatively brief, isolated, continental experience, are partial to federalism. It has worked for us, and without reflecting too much about it we tend to think that disparate groups in very different populations should be able to find a cooperative way. At the same time, being ethnically derived, we have a natural sympathy for other people's ethnic strivings, particularly these days in the Soviet Union, where a strong centralizing power stuffed ethnics into a unitary state, but in Yugoslavia, too.

In short, American society and, true to it, American government send conflicting signals to Yugoslavs: Make the federation work and content the ethnics. The pluralism we urge reinforces federation; the democracy we urge nourishes ethnic self-determination and separatism. Neither our example nor our counsel is very relevant.

Enter waddling the odd duck called — speak out the letters — CSCE. This sturdy, proven human rights bureau, uniting all the Europeans, the Soviets and America, is now being groomed for heavier duty as the brand new expanded Europe's premier post-Cold War political forum. It has just been instructed to conduct lots of dialogue and to set up a "crisis prevention center" and in both ways to deal presumably with problems like Yugoslavia. Nothing has been done yet, but there is much agitation and a certain hope.

Yugoslavs look inward and get suspicious about each other; too often when they look outward, nobody is paying attention, and their suspicions darken. The new Europe, including the United States, should draw all the Yugoslavs into a setting where they have access to outsiders and must constantly explain themselves. What starts out as an improving dialogue could become a kind of committee or conference in which Yugoslavs would have the support but also the discipline of the broader Europe as they address their restive — no, explosive — affairs. The possibilities are dazzling, risk-laden and urgent.

The Washington Post.

100, 75 AND 50 YEARS AGO

1890: A Last Columbus

MADRID — The Duke of Veragua, the only living lineal descendant of Christopher Columbus, and Minister of the Interior in the former Cabinet, is very ill and will probably only live a short time. He is the breeder of the best fighting bulls and is President of the Columbus Association.

1915: British War Toll

LONDON — Mr. Asquith has addressed a written reply to the question recently put to him regarding the total British casualties since the outbreak of war. The Prime Minister says that the total British losses amount to 510,230 men. Of this total, 379,958 men have either been killed, wounded or reported missing on the French front. The losses sustained in the Mediterranean total 106,610 men.

The two sons of Mr. Lloyd George, Captain Richard and Lieutentant Gwylliam Lloyd George, are to proceed to the front in the next few days.

1940: Balkan Fascism

BUCAREST — German troops staged a show of military might today [Dec. 2] at Bucharest with a parade celebrating Rumania's recent adherence to the totalitarian pact. The parade was described by the Iron Guard's newspaper, "Curuntul," as having "great military and political significance." King Michael and Premier Gen. Ion Antonescu, in a reviewing stand on the new boulevard here, took the salute. Beside them stood the Iron Guard's commander, Horia Sima, as well as officials from both Rumania and Germany.

ATHENS — Collapse of Italy's central defense line in Albania, upon a mass surrender yesterday [Dec. 2] of 5,000 Fascist troops, was combined with new strategic gains in the south near the coast to precipitate another disorganized Italian retreat on a 100-mile front, a Greek government spokesman said here today.

— From the New York edition of the New York Herald Tribune.

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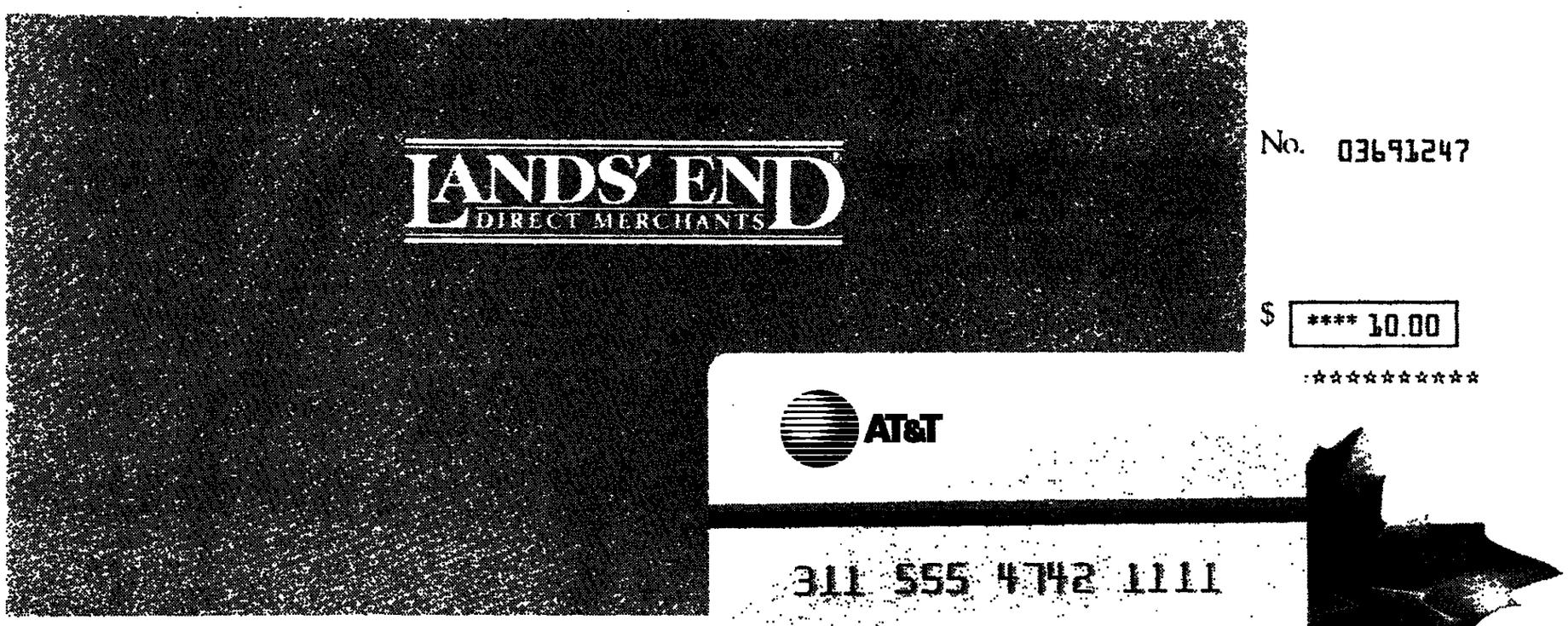

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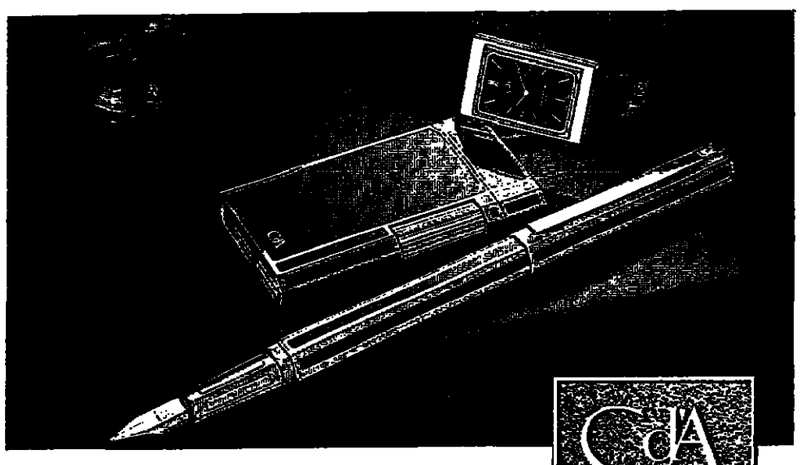

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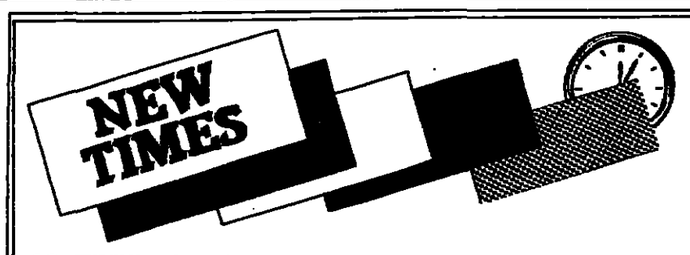

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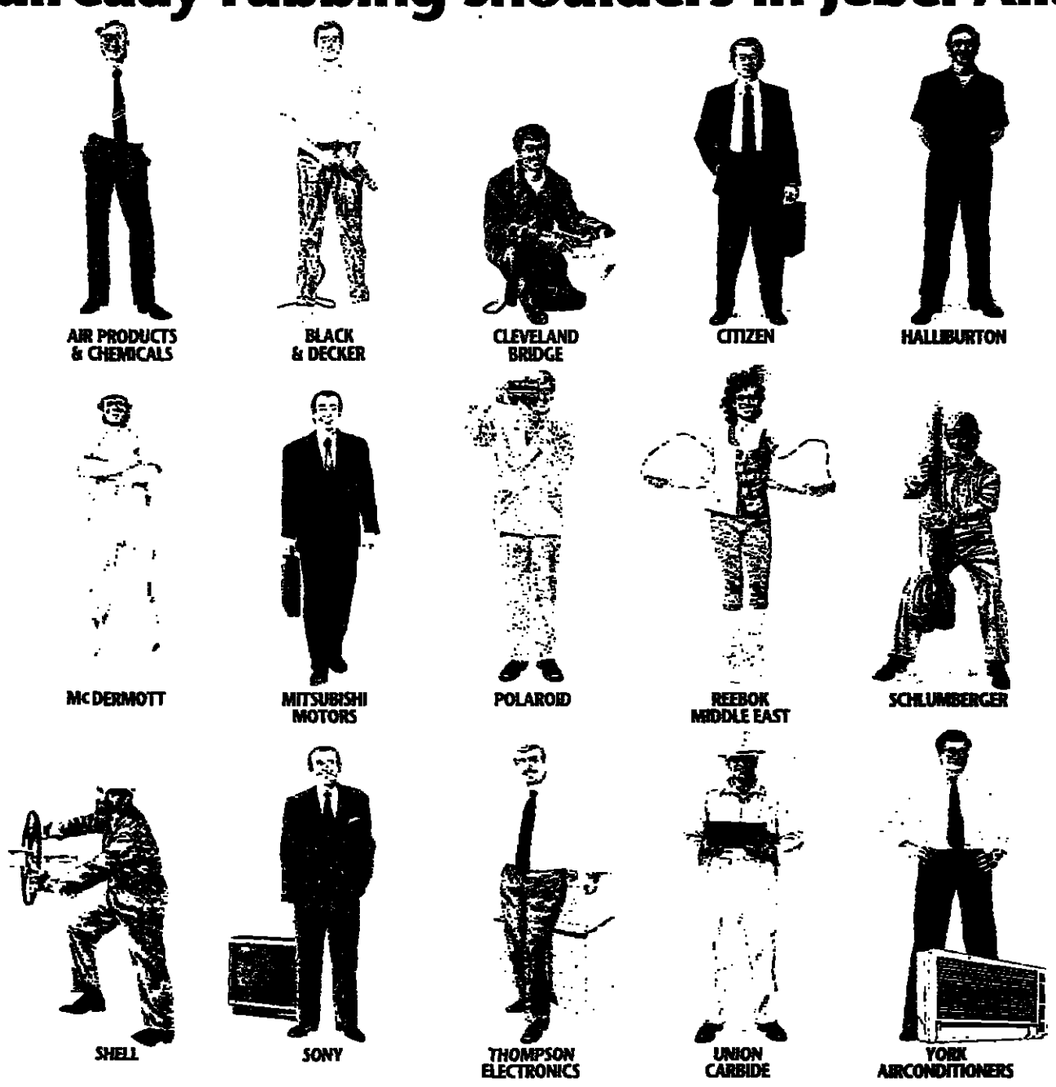

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FORCE: *Bush's Decision to Reinforce Troops in Gulf Caught Some in Pentagon by Surprise*

(Continued from page 1)

Bush said. "I will never, ever agree to a halfway effort."

Mr. Cheney said in a speech in California on Sept. 12, "The president belongs to what I call the 'don't-screw-around school of military strategy.'"

Two other critical policymakers in the administration are adherents of the doctrine of overwhelming force: Secretary of State James A. Baker 3d and the national security adviser, Brent Scowcroft. Officials have said, however, that Mr. Baker sees the deployment of a large force as a buttress to diplomatic efforts to avoid armed conflict.

"There are five men who believe in their heads and hearts that the remedy is to present maximum firepower," a senior administration official said. "The critics can debate the impact of the sanctions or the diplomacy or the timeliness of the UN resolutions, but that maximization is the engine driving the train. Period."

The United States now is in a high-stakes confrontation with President Saddam Hussein of Iraq, who has his own "don't-screw-around school of military strategy" and has raised his ante to 450,000 troops in greater Kuwait.

Officials said that the United States did not have enough forces in its active-duty military to allow for some relief or rotation for those assigned or slated to be assigned to the Gulf. Operation Desert Shield also has taxed the military's logistical prowess to an unprecedented degree.

Given these pressures, some members of Congress and some military officers warn that the doctrine of overwhelming force may push Mr. Bush to "use or lose" his desert army before all diplomatic efforts are exhausted.

U.S. planning has been complicated by the steady, almost exponential growth of the Iraqi occupation. One U.S. intelligence estimate in August calculated that Mr. Hussein could muster 18 divisions to defend his prize, according to a Pentagon source; instead, exactly four months after the invasion, Iraq has 28 divisions in the Kuwait "theater of operations," which extends from the Gulf across much of southern Iraq.

"The Iraqis generated a lot more force than we thought they could," a U.S. officer said.

By early October, with much of the first wave of U.S. forces either in the region or on the way, U.S. tacticians had completed contingency planning for a second wave, which could provide the critical mass necessary to shift from defense to offense. The plan, which became the basis for the massive reinforcement Mr. Bush announced Nov. 8, envisioned a virtual doubling of the U.S. force, including an additional 150,000 army troops.

But within the four U.S. services, planning focused largely on a rotation schedule to begin replacing troops.

In late October, General Powell also received a secret list of options drafted by the Joint Staff. In essence, the list offered four possibilities: keep the status quo to defend Saudi Arabia, tighten the embargo and rely on sanctions to force Iraq out of Kuwait, go to war, or up the ante by moving enough additional forces to the Gulf to provide a credible offensive threat.

On Oct. 21, General Powell left for Saudi Arabia and extensive talks with General H. Norman Schwarzkopf, the commander of the Gulf forces. General Schwarzkopf had asked repeatedly for more troops.

Among other issues, the two generals discussed the configuration of a reinforcement package if Mr. Bush indicated that he wanted to send a second wave of troops.

General Schwarzkopf had vowed that if war broke out, he would guarantee that the United States would prevail. He and General Powell discussed "what it would take to have a decisive force," according to a senior Pentagon official.

The generals also discussed factors affecting the timing of a U.S. attack — including religious holidays, weather and the time needed to deploy additional forces — and concluded that, ideally, the best time for an offensive was the first two months of 1991.

Why Mr. Bush ultimately decided to press ahead with a reinforcement plan is unclear, although he is known to have been upset by the Saudi defense minister's suggestion in October of a possible deal with Iraq, including territorial concessions.

General Powell returned from Saudi Arabia on Oct. 25. Given the president's desires, the joint chiefs began considering how to convert the contingency plan for offensive action into a second-phase deployment plan. As has been his custom, Mr. Bush left the details of military matters to the Pentagon; the size and shape of the second wave was up to the generals and admirals.

Finding the 200,000 or so additional troops General Schwarzkopf thought he needed for an offensive was not easy. "It's always a hard decision when you do something like this," a senior official said, "but I always go back to the question: What's the objective?"

The political objective set by the president, the official said, was to "eject the Iraqi Army from Kuwait."

The consequent military task would be to fulfill that objective quickly and with minimal casualties, which meant massive firepower.

As General Powell reviewed the forces to be assembled for an offensive punch, they appeared formidable indeed: three aircraft carriers and their escorts plus enough air force jets to provide General Schwarzkopf with what would amount to an additional 300 planes; a huge armor force including tens of thousands of troops drawn from Europe; thousands of combat reservists, and a virtual doubling of the Marine Corps strength.

By Oct. 30, most pieces of the puzzle had been pulled together in what some planners began to call Phase II. That morning, General Powell and Mr. Cheney went to the White House to brief the president on the size and shape of the second wave. The next day, according to two sources, Mr. Bush formally approved the deployment, but directed that the decision be kept secret until after the election on Nov. 6.

And secret it remained. Some of the military's most senior officers continued to work on a rotation plan. As the first week of November passed, a few officers began to hear scuttlebutt that something big was about to happen. Two or three days before the president's announcement, a senior Marine general said last week, he began to hear that the joint chiefs were considering a reinforcement plan.

But for most of the military, Mr. Bush's declaration on Nov. 8 was a stunning surprise.

In the subsequent three weeks, the joint chiefs and services have labored to fully convert their rotation forces into reinforcements. In the Pentagon, civilians and military officers talk increasingly of the coming war.

BAKER: *U.S. Won't Attack if Iraq Complies With UN*

(Continued from page 1)

questions were "procedural in nature" but that some were more substantive. The Iraqis have said publicly that they want the discussions to include the issue of the Israeli-Palestinian conflict — a position that the United States has rejected and that Mr. Baker again scorned Sunday.

"What we're going to say when he asks about the Palestinians is: 'We don't think you invaded Kuwait to help the Palestinians, and if you did, all you've done is hurt the Palestinians,'" Mr. Baker said. "And secondly, these things should not be linked; they are two entirely different issues, and two entirely different questions."

In discussing the diplomatic exchanges between Iraq and the United States, the senior administration official would cite only one of the questions that Iraq has put to the United States: which governments would be invited to send representatives to the Bush meeting with Mr. Aziz at the White House. Mr. Bush has suggested that the meeting be held in the latter part of the week of Dec. 10.

The official would not say if Iraq's concern was whether the Kuwaiti ambassador would attend. Kuwait's presence at a meeting could pose a problem for Iraq, since Baghdad does not recognize Kuwait's existence, regarding it as a part of Iraq.

Like Mr. Cheney, Mr. Baker expressed concern about Mr. Hussein's "continuing possession of weapons of mass destruction, and his disproportionate military power." But he suggested that this could be a matter of discussion after an Iraqi withdrawal from Kuwait.

"We have said in the aftermath of a resolution of this crisis we would have to find a way to address those issues," Mr. Baker said.

GULF: *Some Arab Nations Have Misgivings About Talks With Baghdad*

(Continued from page 1)

Kuwait — is central not only to the United States and its Western allies, but also to those Arab allies likely to be drawn directly into the hostilities.

Egypt and Syria have both sent troops to join the 27-country, American-dominated buildup in Saudi Arabia. The foreign ministers of those three countries are to meet here Monday to discuss their strategy in the aftermath of the U.S. initiative.

Virtually all of Washington's Arab allies have publicly endorsed the latest Bush initiative, some with more qualification than others.

Syria, Iraq's bitter adversary, called it "suitable as long as it is aimed at avoiding war in the Gulf and achieving full withdrawal from Kuwait and the reinstating of its government in compliance with Arab resolutions."

Kuwait's government-in-exile also urged that the U.S.-Iraq dialogue be restricted to those aims. "We're not ready for any sort of compromise," said the prime minister, Sheikh Saad al Abdullah as Salim as Sabah.

The implied fear of compromise, according to diplomats here, reflects an undercurrent of surprise and misgiving among Washington's Arab allies.

"The Arab coalition will have to think twice before assuming that the Americans will do its work for it," an Arab diplomat said.

"The Americans prevented discussion of an Arab solution," said Mr. Bashir. "And now people will ask whether the Americans will accept less than the Security Council resolutions." The resolutions call for Iraq's unconditional withdrawal from Kuwait following its Aug. 2 invasion and for the restoration of Kuwait's rulers.

A commentator in Sunday's Al Ahram newspaper, Salama Ahmed Salama, wrote of "the unexpected surprise" that Washington should offer to talk to Iraq "after previously refusing any negotiations with Saddam before."

Writing in the same, government-owned newspaper, Anis Mansour said the initiative surprised Iraq, too. "Although Iraq has been calling for a dialogue," the columnist wrote, "it never thought it would arrive this way."

Some observers interpreted President Bush's announcement as what Mr. Ahmed Salama called "a message to the American people" to say he was doing his best, "using all ways and methods to convince Saddam to pull out without war."

Others pointed to the wording of Iraq's acceptance of the American invitation, noting that while it still sought to link the Kuwait issue with the Arab-Israeli conflict, it did so by evoking a peace offer from Baghdad on Aug. 12. That offer was far more ambiguous than subsequent Iraqi statements insisting that no Kuwaiti territory would ever be relinquished.

The shift was more of emphasis than of substance but it recalled a long record of Iraqi reversal in the face of adversity.

"Saddam's career," one diplomat said, "has been marked by impetuous mistakes in the interests of expediency followed by long spells of trying to make up for them in the interest of saving face, whatever the cost."

VOTE: *Kohl Is a Happy Winner*

(Continued from page 1)

rant on Erich Honecker, the displaced former leader.

German authorities issued the warrant Saturday after saying they had uncovered evidence that Mr. Honecker had personally issued orders to shoot East Germans trying to escape to the West. But officials at the Soviet military hospital where Mr. Honecker has been since April refused to hand him over without Moscow's permission.

The Social Democrats fared especially badly in eastern Germany, where Mr. Lafontaine's initial hostility to reunification and an unexpectedly strong showing by the restyled Communist Party drew voters away from the socialists.

Mr. Kohl's domestic challenges include an inevitable increase in taxes to finance the costs of rehabilitating eastern Germany. The government will also face growing social unrest as obsolete industries, many of which are being propped up artificially through the end of the year, collapse.

At the same time, the government may face growing chaos in the Soviet Union and Eastern Europe, with growing demands for assistance. The Germans have already launched a food-aid relief effort for the Soviet Union, and are facing growing pressure to accept refugees from Eastern Europe.

For Germany's allies, the results meant the continuation of a policy of strong identification with Western Europe and the North Atlantic alliance, coupled with a sense of responsibility for the Soviet Union and Eastern Europe.

The initial projections showed that the Christian Democrats and their Bavarian allies, the Christian Social party, would hold 316 of the 656 seats in the new parliament. The Free Democrats were projected to take 78 seats, the Social Democrats 241 and the Greens 7.

The East German Communists, restyled as the Party of Democratic Socialism, was projected to take 14 seats on the basis of winning 9.4 percent of the eastern vote.

CHAD: *Rebels in Capital*

(Continued from page 1)

described as "an internal conflict."

"The times have past when France would pick governments or would change governments and would maintain others when it so wished," Foreign Minister Roland Dumas said in Paris on Sunday.

Three French aircraft arrived in Paris, bringing 920 French and other foreign nationals.

Some of the evacuees said the rebels seized Ndjamena barely firing a shot since government troops had fled or cast off their uniforms.

The official Libyan press agency, JANA, reported from Tripoli that Mr. Habré and numerous aides were killed fleeing Ndjamena, but Mr. Dumas questioned the report. "Nothing confirms that he was killed in combat," he said. "I even have information to the contrary."

Libya, which hailed the ouster of a longtime foe, was repeatedly accused by Mr. Habré of supporting General Deby.

U.S. Faces UN Vote On Israel

Proposal Involves Palestinian Issue

By John M. Goshko
Washington Post Service

UNITED NATIONS, New York — The United States, facing a decision in the next few days about whether to veto a Security Council resolution critical of Israel's treatment of Palestinians, must choose between exacerbating its already strained relations with the Jewish state or antagonizing the Arab members of the fragile U.S.-led coalition opposing Iraq's occupation of Kuwait.

At issue is an impending vote on a proposal to convene an international meeting in Geneva to consider whether Israel is violating the rights of Palestinians in the West Bank and Gaza Strip and to appoint a UN "commissioner" or "ombudsman" to investigate alleged Israeli abuses in the territories.

The proposal stems from the killing in October of 17 Palestinians by Israeli police during a rock-throwing riot in Jerusalem and Israel's subsequent rejection of a Security Council resolution condemning its actions.

The plan, embodied in a resolution put forward three weeks ago by supporters of the Palestine Liberation Organization, appears certain to win adoption by the 15-member Council unless the United States vetoes it in accordance with its past policy of opposing a UN role in administering the territories.

In taking that position, the United States has argued that trying to interject a UN presence in the territories would violate Israel's sovereignty and would be a futile gesture because Israel would refuse to cooperate with such a move.

U.S. officials insist they have made no decisions, but many diplomats here say they believe Washington is inclined to depart from its past policy and withhold its veto if some of the resolution's sharper edges are honed down.

If that happens, the Bush administration can expect a firestorm of charges from Israel and its American supporters that it is sacrificing Israel's interests to preserve the anti-Iraq alliance that includes such major Arab countries as Saudi Arabia, Egypt and Syria.

■ Arabs Attack Israeli Bus

Jackson Diehl of The Washington Post reported from Jerusalem:

Three Palestinians boarded an Israeli bus near Tel Aviv on Sunday and attacked its passengers, killing one and wounding three others, the police said. One of the Arab assailants was killed by a policemen and the other two were injured and captured.

The incident occurred as Arab militants called for an escalation of violence this week to mark the end of the third year of the uprising against Israeli rule in the West Bank and Gaza Strip.

The police said the three Arab assailants were from the West Bank village of Azzun. They boarded the passenger bus in Petach Tikva, east of Tel Aviv and rode for several stops.

As the bus stopped at an intersection, the three men shouted "Allahu Akbar," or "God is Great," and began stabbing passengers, the police said. A 24-year-old student from Jerusalem later died of the wounds.

The attackers were stopped by the bus driver, who drew a gun and ordered them to sit at the back of the bus, the police said. After the passengers had been let off, an Israeli policeman who happened to be driving behind the bus boarded it with his submachine gun drawn. The police said one of the Palestinians charged the policeman, who opened fire and killed him.

Hospital reports said the other two Arabs were injured.

The incident continued a wave of violence in the last two months in which some 15 Israeli civilians and soldiers and several dozen Palestinians have been killed.

By most accounts, the cycle of killing was triggered by the Temple Mount slayings.

ACROSS

1 Courage, colloquially
5 Nut tree
10 Chatter
13 Lie adjacent to
14 Roman chamber
16 Inventor Whitney
17 Links shout
18 Dance of the 1920's
20 Counterfeit
21 Ring victories
22 Dumbfound
23 Siberian plains
25 —— up (arrive)
26 Time period
27 Actor Erwin: 1903-67
28 Part of O.E.D.
32 Item on a list
34 Tarnish
35 Copperfield's first wife
36 Gob
37 Learned person
40 Ref's relative
41 Shortly
43 Comic Johnson
44 Heating lamps
46 Tardy
47 —— West, Fla.
48 Funny fellow
49 Not up
51 Marched in a procession
54 Grain stalk
56 Vessel for "three men"
57 Singer Vikki
58 Cio-Cio-San, e.g.
60 Little Sheba's creator
61 —— King Cole
62 Snow vehicle
63 Sgts., e.g.
64 One, to Juan
65 Limb joints
66 —— even (retaliates)

DOWN

1 Large fishing hooks
2 Submarine of W.W. I
3 Ragtime dance
4 More precipitous
5 Broadway "angel"
6 Character of a people
7 Ages
8 Round: Abbr.
9 Polynesian dance
10 Saxophonist Stan
11 Liliaceous plant
12 Storage container
15 Brief note
19 Did a carpenter's chore
24 Discharges a debt
25 Fence crossing
27 Black
29 Old-time ballroom favorite
30 "—— virumque cano": Virgil
31 Army bugle call
32 Relative of etc.
33 Nursemaid in Newcastle
34 Particle
38 Strutting dance
39 Raise
42 Approaches
45 Following the trail of
48 Sends by telegraph
50 Cries of contempt
51 Cleanse
52 Plant fungus
53 Mother Hubbard, e.g.
54 Connery or O'Casey
55 Memorable Yugoslav
56 Ebb is one
59 African antelope
59 Army off.

Solution to Friday's Puzzle

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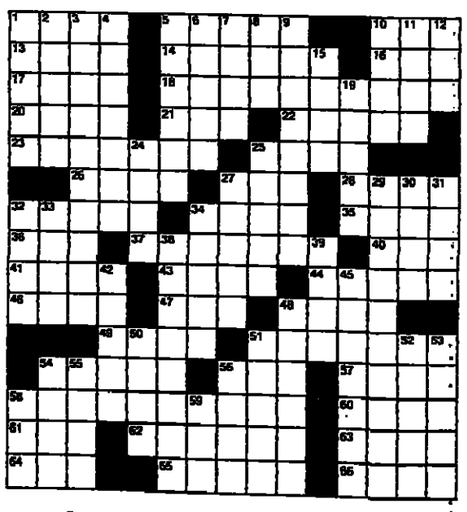

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هكذا من الاصل

صكابن الاصل

A GLOBAL PLAYER

New Perspectives / A Commitment to World Affairs

From Economic Outsider to Long-Term Global Partner

Japan's international presence is taking a new form in the 1990s, as even Japanese travelers abroad are showing.

In Krakow recently, the door of a small restaurant opened and the cold Polish wind blew in half a dozen young Japanese women who took the big table in the middle of the room. The women, all in their 20s, wore magazine-worthy hairstyles and designer-casual clothes. In English and in Polish they ordered a sampling of specialties from the menu and chattered over their guidebooks. When they paid their bill, they included a solid tip.

Japan's banks are raising $600 million for Disney films

These travelers are a product of the economic and social changes within Japan in recent years. Unmarried working women, using their own money and their own time off, out on their own in Europe rather than part of a regimented tour group, they represent the growing global confidence and perspective of Japan and its people.

Japan still is plagued by sticky political issues, both domestic and foreign. It may take a generation for the image of Japanese parliamentary proceedings to recover from the recent quagmire of scandal, and there is considerable debate at home and abroad over Japan's military role in the world. However, on the heels of its extraordinary rise in commercial influence in recent years, Japan is coming to terms with its role as a world player. Instead of a phenomenon, Japan is now being accepted by the rest of the world as a permanent partner in global issues.

Earlier this year, Japan surpassed the United States as the government providing the most foreign aid to poorer countries (nearly $9 billion) and the government-owned Export-Import Bank of Japan announced that it would "recycle" $65 billion worth of the country's trade surplus in the form of low-interest loans to Third World countries. Several U.S. states, notably Arkansas, Louisiana and Mississippi, have approached the Japanese bank for "development" loans.

Besides government assistance, many Japanese companies are dedicated to projects that may not yield profits for years but could help shore up the emerging free-market democracies of Eastern Europe. Examples of East European ventures include proposed Suzuki and Toyota auto plants, Fuji Bank and Bank of Tokyo branches, Sony and Casio electronics deals and Koa toiletries marketing.

Japan has been buffeted by this year's sharp drop in domestic real estate values and Tokyo share prices, but the Japanese economy nonetheless remains brisk, and its expected GNP growth rate of 4 percent is one of the best among leading industrialized nations. Foreign investment, down by 10 percent in the first half of 1990, may continue to decline next year as Japanese investors turn their attentions closer to home — buying fewer foreign securities, less foreign real estate and not as many foreign companies — because economic conditions are looking worse in most foreign countries.

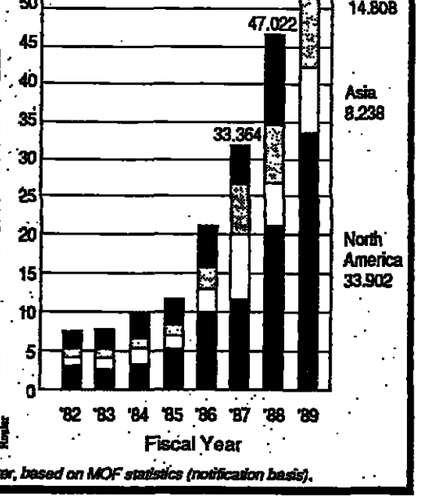
Besides becoming reduced in scope, it also appears that Japanese investments abroad may be turning away from their traditional fields such as autos and electronics and toward such divergent business sectors as heavy manufacturing, entertainment and banking.

Yamaichi Securities Co., one of Japan's "Big Four" investment houses, is leading a consortium of Japanese banks raising $600 million to finance at least 30 films — more than a year's production of movies — for Walt Dis-

Continued on Page 10

Recycling the Trade Surplus

Despite a 10 percent drop in foreign investment in the first half of fiscal 1990, Japanese investors remain very active. Akio Tanii, president of Matsushita, announced on Nov. 26 a $7-billion takeover of MCA Inc.



Source: JETRO and Kaizai Koho Center, based on MOF statistics (notification basis).

Industry / Adapting Internationally

Foreign Investment: A Two-Way Learning Process

The top-selling car and the highest-volume automobile assembly plant in the United States belong to Honda, a Japanese company which was established in America only a decade ago. Such successes for Japanese manufacturing overseas seriously calls into question the argument that Japanese competition is somehow based on unfair trading policies.

Japanese manufacturing prowess abroad also casts doubt on competitor companies who are working side by side with the new arrivals from the East, yet seem unable to match their quality or productivity. The fact that the Japanese have been successful in high-profile fields such as the automotive and electronic industries tends to give exaggerated prominence, however, to the extent of Japanese manufacturing overseas up to now.

The United States remains by far the world's biggest direct investor in overseas countries, accounting for almost 32 percent of the worldwide total; Britain is in second place with

Continued on Page 11

Opinion / Minoru Masuda, Chairman, JETRO

Japan's Mission in The World Economy

The times are changing. With just 10 years left before the 21st century, history stands at a crossroads.

The Soviet Union and Eastern Europe has taken place at a startling pace since the second half of 1989, with Germany's unification realized as early as this October. Moreover, throughout the 1980s interdependence among nations strengthened and the "globalization" of corporate activities progressed rapidly. As a result, it has become important for nations as well as companies to operate with true regard for the global context. And it is now recognized that mankind's very existence depends on "environmentalism," and that we all must begin thinking with a worldwide perspective.

Against this backdrop, the sudden emergence of Japan as the world's leading creditor nation has come as somewhat of a surprise, even to many Japanese. But there is no doubt that the nation has a huge presence in the global economy. Japan is second only to the United States as an economic power, accounting for 15 percent of the world's GNP. Japan has become the world's number-three investor, with outstanding Japanese direct investment exceeding US$150 billion (based on stock values) at the end of 1989. Accordingly, it is time for Japan to realize a truly high standard of living for its citizens and, at the same time, take the initiative to help stabilize and sustain growth in the global economy.

The first part of this mission is to proceed vigorously with the ongoing structural reorganization of the country, which began soon after the yen started appreciating in the fall of 1985. Japan must continue promoting domestic demand-led growth, through coordination with related governments, while scaling down its external trade imbalances. But reducing imbalances is not the only reason why Japan should become a haven for imports. The nation also has the domestic responsibilities of improving the quality of life and welfare of its citizens, rectifying differences between foreign and domestic prices, and helping each region of Japan realize its economic potential.

The second part of Japan's mission is to support the global economy, in part by recycling trade surpluses. This includes extending official development assistance and transferring private-sector resources, such as technology, know-how and the means of production, to developing nations that are trying to build self-supportive economies by expanding production and exports.

For the advanced nations, the recycling of Japanese trade surpluses should take the form of continued direct investment. In order to avoid possible friction over direct investment, however, Japanese investors must take full stock of the situation in each host country. Mutually beneficial direct investment should be welcomed if it creates economic activity and jobs in the host country.

There are other important tasks included in Japan's mission, such as working with other nations toward an agreement for the Uruguay Round of multilateral trade talks, extending economic cooperation within the Asia-Pacific region, and providing support for economic improvements in Eastern Europe. All of these are major issues related closely to the global economy and trade in the 1990s and beyond.

For its part, the Japan External Trade Organization (JETRO) is placing an emphasis on promoting imports by Japan and cooperation between Japan and other nations on economic as well as industry-to-industry levels. At the same time, JETRO is renewing efforts to achieve greater understanding between Japan and the international community.

Minoru Masuda

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Banking / Streamling

Firms Cut Foreign Operations But Retain Global Strategies

In a year that has seen Tokyo stock prices tumble by more than 40 percent and domestic interest rates rival U.S. yields, Japanese banks and securities houses have been cutting back on overseas investments to concentrate more of their resources on affairs back home.

Over recent months Japanese investors have taken more money out of U.S.

Europe is the focus of expansion plans

markets than they have put in, while several medium-sized Japanese banks have seen their credit standings down-graded by the international rating agencies.

Yet behind these short-term trends, many observers detect a clear determination on the part of the country's major financial institutions to continue to build up their international activities. "If you consider the size and strength of the Japanese economy and the sheer volume of assets that the country's financial institutions have to place, it is clear that there is no alternative to diversifying abroad and away from the yen, whatever the short-term market signals may say," comments Rob McCarey, an analyst with U.B.S. Phillips & Drew in London.

"Since Europe now looks like the primary growth area for the next ten years, that is where much of this activity will be concentrated," Mr. McCarey suggests. Securities houses such as Nomura and Daiwa have been bidding agressively and often successfully for the management of European funds vehicles, while Japanese life insurance companies have been busily constructing European-based offshore funds. "Japanese securities houses are starting to extend their European activities into commercial banking, either by way of acquisition or by transforming their existing structures," says Michel Dermont, a partner with international financial advisors PMG in Paris.

This trend, he believes, is becoming particularly evident in Britain and France. "At the same time, Japanese commercial banks operating in Europe are particularly interested in corporate lending and financial-market activities. They feel absolutely no urge to get involved in the retail sector," Mr. Dermont believes. Moreover, Eastern Europe is also increasingly soliciting Japanese institutions.

"Three countries – Poland, Czechoslovakia and Hungary – are attracting the most attention. The Soviet Union, on the other hand, is arousing less interest," Mr. Dermont believes. While Japanese banks may increase their lending to Eastern Europe, experts think it unlikely that large-scale direct investments will result. Mr. McCarey predicts more investment in companies in places with strong East European connections, such as Germany and Austria.

"Financial markets in Japan have been particularly hard hit by the Persian Gulf crisis," states the Paris-based Organization for Economic Cooperation and Development (OECD) in a November 1990 report on market trends. "The damage is obviously great for securities houses, which have been facing substantially lower net earnings from brokerage and underwriting commissions. The developments also pose awkward problems for Japanese banks, which have experienced a considerable erosion of their capital," the report continues.

As a result of the sharp decline in Japanese stock values, banks are finding it difficult to meet the more stringent capital/asset requirements recently laid down by the Bank for International Settlements (BIS) in Basel. These developments coincide with rapidly increasing competition between banks and other financial institutions in the domestic Japanese market. This trend stems from government efforts to liberalize financial procedures.

Inside the country, these developments have already led to several mergers between smaller banks and are arousing new appetites for acquisitions. Kyowa Bank Ltd. and Saitama Bank Ltd. have announced they will merge next April to become the nation's eighth-largest commercial bank, to be called Saitama Kyowa Bank. In August 1989, Mitsui Bank and Taiyo Kobe Bank Ltd. announced a merger that created Japan's – and the world's – second-largest bank in terms of assets.

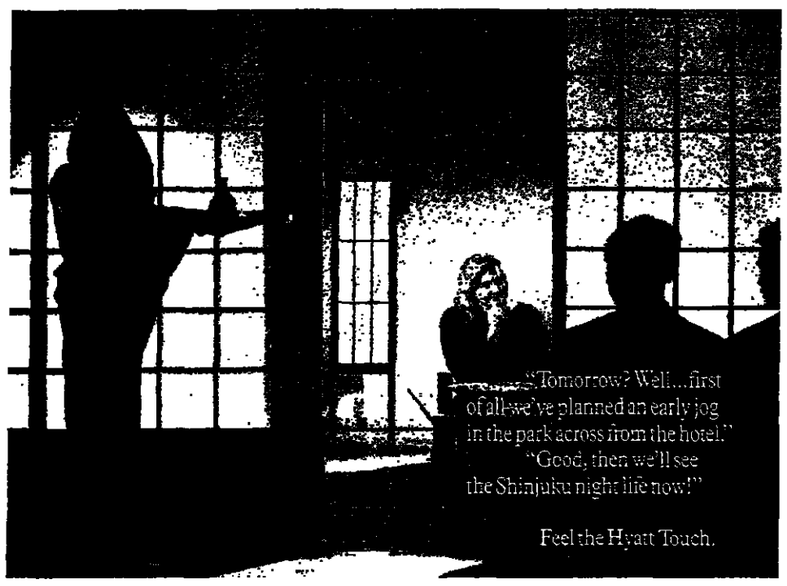
Established banks are expanding their global networks. Tokai Bank, the world's ninth largest in terms of assets, now has a foreign network of 11 branches, 26 representative offices, 16 subsidiaries and seven affiliates in 25 countries. The bank's three-year development plan that began in April 1989 focuses on expanding Tokai's global information services, especially related to investment and corporate banking operations.

Recent international developments in the banking sector are encouraging Japanese financial institutions to go more for profitability and quality and less for volume. "Japanese banks can no longer be regarded as mass suppliers of low-margin loans," Mr. McCarey suggests.

Michael Rowe

KEN STRATTON

A stock-price drop has led to streamlining in the Japanese financial sector.



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Research Centers / *Raising Profits, Reducing Costs*

European R&D: Going Local To Become More International

Shikegi Miyajima, head of research for Nissan's British auto plant, says designing Japanese products in Europe is a little like trying to prepare Japanese cuisine in Europe.

Just as some *sushi* and *sashimi* dishes must be adapted to the type of fresh fish available, Mr. Miyajima

"Europeanization" is the main goal

says, Nissan wants to design and manufacture products using "localization" – matching the company's engineering with local supplies and components. "In order to produce the most appropriate components in terms of both quality and cost, we have to act together with the local suppliers. We have to bring them into the design process to see what is possible," he adds.

Nissan recently announced a $60-million expansion program for its subsidiary Nissan European Technology Center Co. (NETC). Permanent R&D facilities are being built in Cranfield in southern England and in Sunderland, the home of Nissan's manufacturing plant, in northern England. Nissan hopes the two centers in England, along with another the company has already opened in Brussels, will help it produce more popular cars more efficiently by developing locally sourced components for models that are designed and styled – largely independent of the parent company's main research operation in Japan – to European consumer tastes.

Those goals – increasing sales while holding down costs – help explain why many Japanese companies are boosting their research and development efforts in Europe. Examples include Yamanouchi, Japan's largest pharmaceutical company, which has a new R&D center in Oxford; Mazda Motors and Mitsubishi Motors centers in Germany; Hitachi, the electronics giant that is doing software research in Dublin; and Kao Corp., the Japanese household and personal-care products group, which has three new European research centers.

Carmakers may be leading the way – five leading Japanese automobile manufacturers have established eight R&D centers in EC countries. According to a recent study by the Japan Automobile Manufacturers Association, employment of local engineers at these R&D centers is growing. As for Nissan and the other Japanese auto firms in Europe, much R&D in Europe is focused on increasing bottom-line profits and on gearing up for 1992. But some companies, such as Sony, which has a digital VCR research lab near London, hope to transfer their European research back to Japan and to markets outside Europe.

There have also been political reasons for the Japanese R&D expansion in Europe. In electronics, for example, much of the move away from "screwdriver" plants – critics grumbled that Japanese-made products were merely assembled from imported Japanese components at European subsidiaries – has been due to a 1989 EC ruling that in effect required Japanese companies doing business in the EC to manufacture more semiconductors in EC countries.

Shikegi Miyajima, Nissan U.K. research head.

Nissan says more than 80 percent of each of its cars built in England is made with components or materials supplied by EC companies. There are complaints, however, from elsewhere in the EC auto industry that many of Nissan's local EC suppliers are just European branches of the same Japanese companies that supply Nissan in Japan.

Consequently, competing companies such as Renault and Fiat say that the EC's 1992 policies are allowing Nissan cars built in Britain and exported to France, Italy and other European countries to hurt their sales. The single market was supposed to help European industry, not hurt it, the competing auto companies say. While pointing to their R&D operations as evidence that they are truly "European," Nissan and other Japanese firms undertaking research in Europe say they are doing it because it makes sense, not because it will soothe ruffled political feathers.

Indeed, the vertical integration of so many Japanese consumer-oriented companies supports this argument. U.S. semiconductor companies, for example, are generally just that: companies that make semiconductors, which they then sell to other companies that use them to make finished products. There is no direct link between research spending and profits, especially in a glutted market in which prices have to remain competitive. The Japanese companies that make semiconductors are, in contrast, more likely to be consumer-product companies, too. As a result, they can use their profits from consumer products to fund their research into semiconductors, and then develop that research into consumer products that yield more profits.

Timothy Harper

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New Perspectives / A Commitment to World Affairs

From Economic Outsider to Partner

Continued from Page 9

ney Co. Yamaichi is typical of the way some Japanese financial institutions are using their U.S. and European subisidiaries to offer research-based consulting that serves as an information and cultural conduit both to and from Japan.

While more Japanese money may be staying at home, few forecasters believe there is going to be any huge withdrawal of Japanese purchases already made abroad – particularly among the "big-ticket" purchases such as major corporations, "trophy" buildings and new joint-venture factories that are regarded as long-term investments in local economies. Continued Japanese interest in American companies was demonstrated Nov. 26 when Matsushita Electric Industrial Co., the world's 12th largest company, purchased MCA Inc., one of the largest American entertainment companies, for over $7 billion.

Japan's trade surplus is down and the country is writing a new chapter in what has been the global economic success story of the second half of the twentieth century. Rather than being primarily production-driven and export-focused, the Japanese are now turning their attention from goods to services.

Another emerging trend in Japanese business is in research and development. While continuing to hold onto its advantages in high-tech innovations such as factory robots and laptop computers, many Japanese companies are now investing more in basic product research and design, including laboratories in foreign countries. Examples include new "pure science" computer labs in the United States – which are luring some of the top U.S. computer scientists – and a range of European subsidiary centers being built to research and develop products ranging from cars to pharmaceuticals.

Some analysts see this expansion into new technologies and R&D as part of a new Japanese focus on foreign deals that are less expensive – and therefore less risky – but that can pave the inroads that solidify earlier, larger investments and purchases in the United States and Europe.

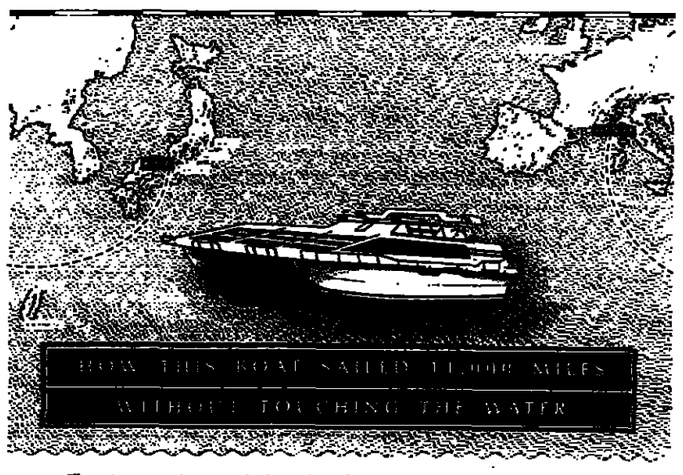
As Japanese companies go global and their workers see the world – the office ladies in Krakow were among more than 10 million Japanese traveling abroad this year – Japanese cultural influence is being felt internationally in fashion, cuisine, arts and crafts, architecture and gardening as well as business.

Japan is opening up on the domestic front as well. Though the changes may not be coming as quickly as many foreign companies and countries would like, more foreigners inevitably are competing freely in many Japanese business sectors.

Several U.S. companies have reported annual profits of more than $400 million from their operations in Japan this year, including Coca-Cola, McDonalds, IBM, Eastman Kodak, Motorola and Caterpillar, all competing in fields where Japanese companies dominate their home markets.

For Japan, like the rest of the world, there is plenty to worry about: the Middle East crisis and its effects on oil prices; the uncertainty over the prospects for Eastern Europe and debt-ridden Third World countries; the implications of a falling yen and rising inflation. But for the first time in history, Japan is facing those problems and searching for solutions hand-in-hand with the rest of the world.

Timothy Harper



The catamaran above was built specially for the James Bond film, 'The Living Daylights.' Though destined for short, spectacular voyages it was later sold to a Japanese businessman and sailed 11,000 miles from Genoa in Italy to Kobe, Japan.

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Real Estate / Long-Term Planning

Recent Property Buying: Focus on Growth Potential

This year has confirmed a shift in the pattern of Japanese real estate activity in the United States. After several years of making sizable, but often passive, purchases of prime American real estate, Japanese investors are now unloading some of their properties or focusing on smaller or more strategic acquisitions.

The wave of Japanese property buying reached its peak in 1989, when Mitsubishi Estate Co. paid $846 million for a controlling interest in New York City's landmark Rockefeller Center. But measured in dollar volume, real-estate investment in the United States was exemplified by the announcement Nov. 15 by the Isetan Co., one of Japan's major retail firms, and Barneys New York, an upscale clothier, that they would jointly open a new store on Madison Avenue. Isetan covered about half of the purchase price — reportedly over $100 million — of the 11 floors that will be occupied by the store.

The joint deal with Barneys holds two attractions for Isetan, according to Ko-Yung Tung, a specialist in international transactions in the New York office of the law firm of O'Melveny and Myers. "It will give additional cachet to Isetan in the Japanese market," Mr. Tung says, referring to Barneys' international reputation. "At thesame time, Barneys will provide an additional outlet for Isetan goods."

Japan's new real-estate investment strategy can also be seen in the purchase by General Coast Enterprises earlier this year of the Pebble Beach Company, the renowned golf resort. Minoru Isutani, the owner of General Coast, is no doubt counting on the prestige of Pebble Beach to add to the luster of his own holdings in Japan. The Pebble Beach and Barneys deals illustrate how Japanese investors are taking a more strategic view in their recent U.S. purchases, rather than just acquiring "trophy" buildings. Japanese buyers are also taking on more risky holdings, such as land, and showing more interest in areas outside the major metropolitan markets.

In contrast with the United States, Japanese real-estate activity in Europe reached almost 3 billion pounds sterling (US$ 5.9 billion) in 1989, almost double 1988 figures, according to the London accounting firm Clark Whitehill. In 1990, the feverish pace of Japanese acquisitions has slowed down in Britain as the market there experienced a downturn and Japanese companies faced financial limitations at home. There have been Japanese purchases in European resort areas like the Costa del Sol, but a significant wave of diversification has not yet taken place.

"In the United States, the Japanese have gone into all markets and all types of real estate," says Michael Evans, a manager at Clark Whitehill, adding: "But they haven't reached that stage in Europe. They are still focusing on prime office deals." Mr. Tung has noticed increased Japanese interest in German real estate, which he believes is due to the country's proximity to Eastern Europe.

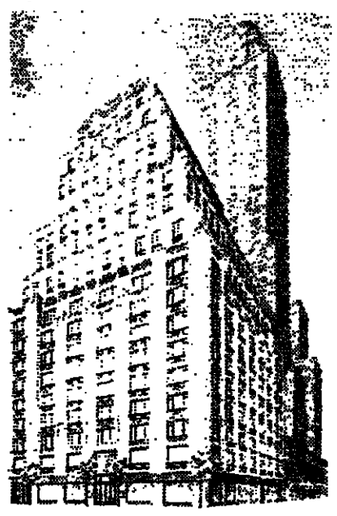
Steve Dryden

Japanese purchases in Europe: $5.9 billion in 1989

the total value of Japanese purchases dropped that year to $14.8 billion from $16.5 billion in 1988, according to Kenneth Leventhal & Co., a Los Angeles accounting firm. This year, the firm expects that total Japanese acquisitions in the United States will be in the $10 billion to $13 billion range. Meanwhile, major Japanese real-estate firms such as Shuwa Investment Corp. and Kumagai Gumi Co. are considering sales or have begun selling off some of their U.S. holdings.

"I don't see a mass sell-off of Japanese properties" in the United States, says Jack Rodman, a Leventhal managing partner. Nevertheless, the slump in the American real-estate market, combined with the rise in Japanese interest rates and the fall in the Tokyo stock market, make U.S. holdings less attractive. Mr. Rodman notes that Japanese investors are redirecting some of their activities to Europe.

The style of continuing Japanese



Site of the new Barneys New York.

Auto Industry / A Continuing Success Story

More Factories and New Luxury Lines

The Japanese auto industry's relentless international drive continues undaunted, with Europe and the Pacific Rim countries clearly targeted as growth regions of the 1990s.

Japan's prototypical export industry is expanding in new ways. Besides setting up "transplant" factories in foreign markets, Japanese automakers are quickly moving research and development abroad as well.

Japan already owns 30 percent of the world car market and aims to increase penetration during the 1990s. Toyota Motor Corp. chairman Eiji Toyoda said recently that he expects his company to boost global car and truck output by 1.5 million units per year to 6 million before the end of the decade. That would move number-three Toyota within striking distance of the world's two largest vehicle makers, General Motors and Ford, at 7.96 million and 6.4 million units respectively. Toyota announced Nov. 7 that it will invest $800 million in a new U.S. car plant designed to help boost its U.S. sales by 50 percent over the next five years.

Over the past two decades Japanese car producers have evolved from technological copycats to engineering and manufacturing sophisticates with enormous financial resources. The Japanese have shortened product cycles and pushed the design and engineering process into local markets. Mazda's highly praised, much-in-demand Miata two-seat roadster was conceived and penned in the United States, while Nissan's new British-built Primera sedan was designed and engineered for Europe, mostly by Europeans.

Among the most significant developments in Japan's global auto-industry strategy during recent years has been the push into upper segments once reserved for well-bred Europeans like Mercedes-Benz and BMW. Toyota sold 57,000 of its new Lexus luxury cars in the United States during the 1990 model year, and Lexus may surpass BMW sales in the U.S. in 1990. Nissan has its Infiniti luxury line, and Honda, which began the upscale approach with its Acura brand, has just launched one of the hottest automotive tickets in America, the gull-winged NSX sportscar, Japan's first authentic competitor with Porsche and Ferrari.

But the next big thrust for Japan is clearly Europe. With 17-nation sales of well over 13 million units last year, Western Europe constitutes the largest auto market in the world. Several countries now restrict Japanese sales — leaving significant growth potential when post-1992 market unification does away with national barriers. Moreover, prospects in Eastern Europe should lead to further expansion by the decade's end.

The Japanese now hold 11 percent of European car sales, and industry leaders in Europe fear that this percentage could ascend to U.S. levels if left unrestrained. The Europeans have avoided that range of penetration with help from quotas in Spain, France and Italy that limit sales to 2,000-3,000 units in each of those markets and from British quotas that hold imports to 11 percent.

In the United States, the Japanese began with strategic alliances with American manufacturers. But finding willing partners in Europe has been more difficult. "The Japanese ... know how to take full advantage of their competitors' tactical weaknesses and how to slip through every loophole," says hard-line protectionist Jacques Calvet, chairman of Peugeot SA. But Hidenori Tsutsui, general manager of Toyota's Europe office in Brussels, said recently: "Maybe if [the Europeans] work together with us they have no excuse to be against us."

General Motors Europe's U.S.-schooled top executives doubt that the Japanese can be kept out of EC markets through political measures. "The EC in the final analysis cannot prevent the Japanese from coming," says Robert Eaton, president of GM Europe, adding: "In the end, the Japanese will wait until the rules are set and then do what they have to do."

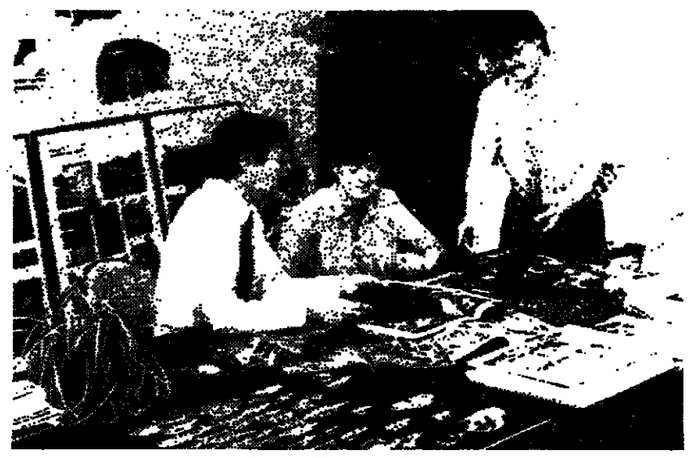
In Europe, the Japanese face at least 13 years of capped growth and the prospect of no new transplant production facilities if protectionist forces in the EC prevail. But they are primed to move into upscale markets and to maximize profits on existing volume levels. If given a freer rein by the EC, they could increase European production levels to more than one million cars by the year 2000.

Japanese carmakers expect to rely increasingly on transplants to supply foreign markets. In the United States, seven Japanese automakers already have a combined capacity of 1.67 million vehicles, and the level is expected to surge to over two million units during the 1990s. Japanese companies are also setting up bases in the Pacific Rim, where Japanese banks are investing heavily in upgrading local infrastructure in anticipation of growing market and industrial potential. Japanese carmakers' investments in South Korea, Taiwan, Malaysia, Indonesia and Thailand are rising rapidly.

But Japanese carmakers will continue to export. DRI Europe Ltd., the British research unit, expects Japanese car exports to rise 6 percent to 4.65 million units this year and to reach 4.8 million by 1995. Car production in Japan surpassed North American output in 1988 by a margin of 53,000 units. The gap widened to 1,127,000 units in 1989, but the difference is expected to remain at about the same level through the mid-1990s as Japanese carmakers move more production abroad. Japanese production will increasingly serve growing demand at home as well; Japanese car registrations rose a phenomenal 20 percent during the first eight months of 1990.

Richard Johnson

Japanese cars account for 11% of European sales



The design department at Nissan's European Technology Center, Belgium.

Industry / Adapting Internationally

Foreign Investment: A Two-Way Process

Continued from Page 9

almost 18 percent. Japan ranks third, for now, with almost 11 percent. Japanese investments have been growing more rapidly than those of other countries. According to Japan's Ministry of Finance, in 1989 Japanese companies invested $67.5 billion abroad, a 44 percent increase over 1988. Japan has invested $253.8 billion abroad since 1951, with $66.1 billion of that total in manufacturing.

According to a Nov. 29 report by the ministry, however, foreign investment dropped by 10 percent in the first half of 1990. A survey by Japan's Ministry of Overseas Trade and Industry shows that Japanese corporations expect to raise the level of their foreign production to 8 percent in 1995 and 13 percent by 2000. Whereas almost two-thirds of Japanese overseas investment up to 1976 was in manufacturing industries, around 63 percent of the funds are now directed toward service industries. The United States remains the biggest single recipient of Japanese investment ($33.9 billion in 1989), followed by Britain ($5.2 billion), with a total of $14.8 billion invested in Western Europe during the same period.

Japanese companies now seem to be shifting the focus of interest toward Asia. Japan's Ministry of Finance says that direct investment in Asia reached $8.2 billion in 1989, quadruple 1986 figures. Japan's powerful Ministry of International Trade and Industry (MITI) is coordinating the activities of Japanese manufacturing companies in Asia with a view to encouraging specialization in each of the target investment countries. The tendency of Japanese industry in Asia is toward greater sophistication. This has meant looking toward countries such as Singapore, Hong Kong and Taiwan as a bridge between the high cost of production at the home base and the lower costs found in less industrialized countries.

Patterns of manufacturing investment are changing in the areas where Japanese companies are well established. The sheer size of the United States market and the protectionist pressures to insulate it from foreign competition ensures that Japanese companies will wish to retain their manufacturing base there. A recent study by the Nippon Credit Bank reveals, however, that many of the bigger companies have already made most of their significant investments in the United States, while newer capital tends to come from smaller and medium-sized companies.

The emergence of Europe's single market in 1992 has also focused Japanese attention on the need for an enhanced presence in Europe. Japanese companies seem to regard newly unified Germany as the powerhouse of the new Europe and are accordingly making plans to shift regional operations and manufacturing there.

Direct Japanese investment in West Germany more than doubled in the last fiscal year, to $1 billion, involving 119 projects. In recent months Japanese companies have announced major strategic alliances with German counterparts. The Mitsubishi group is negotiating with Daimler Benz AG on a whole range of joint projects, while the trading house C. Itoh & Co. has announced that it has bought a 5 percent stake in steel makers Klöckner Werke AG for $66.3 million.

The basic premise of much Japanese investment overseas is that expanding the base of production creates the required economies of scale for upgrading the technology of the home base. Already proven masters of mass-production processes, Japanese companies are now looking toward the new industrial revolution of mass-produced customization, which combines the economies of mass production with making equipment to customers' individual specifications. To achieve this level of sophistication requires a major rethinking of production processes. Some of Japan's biggest companies, such as Matsushita and Toyota, are already busy installing new systems.

As one Japanese industry researcher put it, however, "Japanese companies are very technically minded, not research and development minded. We need people with different ideas, and this means we need to rely on foreign R&D personnel." The realization of a shortfall in domestic innovation-producing resources has led to more foreign staff recruitment and the establishment of R&D facilities abroad.

The information exchange goes both ways. U.S. General Motors has set up a new company, the Saturn Corp., to make cars the Japanese way, a sign of the perceived superiority of Japanese production methods. An example of Japanese production that has proved controversial, however, is the *kanban* or just-in-time system in which component suppliers have a close relationship with major manufacturing companies, ensuring that they always have supplies available when required and collaborating on the design of new products.

A JETRO official says: "[just-in-time] is the most practical and best system for production and so naturally Japanese companies overseas want to use it," even though, he points out, "few local companies are willing or able to establish the same kind of relationship with their customers."

In most cases this results in a large number of a company's Japanese suppliers establishing overseas bases alongside their customers. Local companies then accuse the Japanese of freezing them out. A survey of the Australian operations of multinational companies published in World Economy magazine shows that whereas European and U.S. companies abroad typically use a mixture of equipment from their home base and other countries, Japanese companies rely on an "overwhelming preponderance" of Japanese equipment.

This development can be directly attributed to the overseas experience of Japanese manufacturers. Despite evidence of local friction generated by some Japanese companies that venture abroad, it is clear that there is a two-way learning process that is proving to be mutually profitable both for the Japanese and for foreign manufacturers.

Stephen Vines

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ADVERTISING SECTION

Tourism / Business Facilities Expanding

Japan Hotels Focus On Executives

Attracting international business travelers is a top priority for most world-class hotels in Japan these days, if current activities aimed at strengthening services are any indication.

Tokyo's Takanawa Prince Hotel has a full range of business-travel services with the accent on luxury, such as a guest house built in Western style

The accent is on luxurious amenities

that is suitable for banquets and conferences, the Prince Room that can accommodate 1,000 people, a Japanese tea house and other meeting rooms for smaller gatherings. The hotel has 416 guest rooms, including a range of suites, all with access to the hotel's serene Japanese-style garden.

At the Hotel Okura in Tokyo, the Executive Service Salon provides business-travel amenities from bilingual secretarial services to personal computers and meeting rooms. Business facilities to be used in guests' rooms are available on request. The Okura has a wide range of sports facilities as well, and tries to offer a home-away-from-home atmosphere along with traditional Japanese features.

The final segment of a five-year, $11.5 million renovation program at the Imperial Hotel to commemorate its centennial was completed with last month's opening of a new Executive Service Center, the largest such facility in any Japanese hotel. Staffed by bilingual receptionists, amenities for registered guests include the use of word processors, personal computers, typewriters, facsimiles and copiers in 530 square feet (49.2 square meters) of working space, and two complimentary-use meeting rooms that can seat eight people each.

With the March 1991 opening of Tokyo's new City Hall in Shinjuku rapidly approaching, the four major hotels in the immediate area are renovating rooms and conference halls, adding restaurants and stepping up sales campaigns in anticipation of increased business.

The Century Hyatt is converting some guest rooms to conference rooms and installing a business center with automated office equipment. Anticipating a change in clientele as well as increased business, the Hyatt also plans to open its French restaurant, Chenonceaux, for lunch.

Tokyo Hilton International is converting some 55 guest rooms into luxury units and opening several new restaurants, while the Keio Plaza is increasing the number of its banquet rooms and the Washington Hotel is considering adding to its business services.

In Osaka, the new 548-room Nankai South Tower Hotel is now ready to accommodate international travelers using the new Kansai International Airport with an unbeatable combination of convenience and service. Rising above Nankai Station, the hotel is just 30 minutes away from the airport by Nankai Railway. Facilities at the 36-floor hotel, currently Osaka's tallest, include a non-smoking floor, 11 suites (from $400 to $2,300 per night), three Executive Towers floors, business and fitness centers, and even electronic "Do not disturb" signs. Facilities for Executive Towers guests include personal check-ins and check-outs and several complimentary services in the Executive Towers lounge on the 33rd floor.

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Eastern Europe Projects / From Cars to Fruit Juice

Trading Houses: From East to East

Mitsubishi, Sumitomo, Mitsui, C. Itoh & Co., Marubeni, Nissho Iwai and other giant Japanese trading houses are currently slugging it out for markets in the East — Eastern Europe, that is.

The trading companies are operating on a scale that may help to bring East

80 businesses acquired since 1981

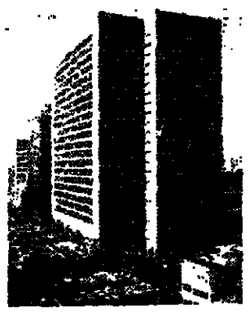
European economies into line with their Western counterparts sooner, rather than later.

There are approximately 8,000 trading companies in Japan, with combined sales in the last fiscal year of around a quarter of Japan's GNP. The top nine companies, called *sogo shosha*, also accounted for nearly half of the country's exports and 85 percent of its imports, and reported total annual sales of more than $607 billion. Their combined assets are around $800 billion.

What the *sogo shosha* share is that all are core companies in tightly knit groups of companies, usually centered around a big bank, and offer integrated services suitable for large-scale projects. The top six companies have global networks of more than 120 offices each, including branches in the Soviet Union and Eastern Europe. Japan's presence as a major investor in Europe is in very large part due to the combined efforts of these trading firms, which have been pursuing a strategy of selective acquisitions and joint ventures with an eye on the integrated 1992 European market. The opening of East European markets and the reunification of Germany have accelerated their activities.

Prime Minister Toshiki Kaifu made a mid-January 1990 tour of several East European nations, including stops — and promises of aid — in Poland and Hungary. At the same time, Shintaro Abe, former secretary general of the ruling Liberal-Democratic party, led a political delegation to Moscow to strengthen economic ties and try to resolve a long-standing territorial dispute that has prevented the two countries from signing a peace treaty.

On the business front, Marubeni was first among the big trading companies to dispatch a six-member team to five East European countries. Their purpose was to investigate the possibility of expanding trade through investments and joint ventures. Marubeni has already begun producing apple juice in Hungary through a joint venture with that country's Bekescsaba Co., in anticipation of the liberalization of Japan's non-citrus juice imports on April 1, 1991. Close on Marubeni's heels were C. Itoh, Mitsui and Mitsubishi. Suzuki Motor Co., with C. Itoh running interference, formed the first automobile joint venture between Japanese and Hungarian companies in January when it agreed to establish a manufacturing facility with Autokonzern to produce passenger cars by 1992.



Headquarters of C. Itoh and Co. Ltd.

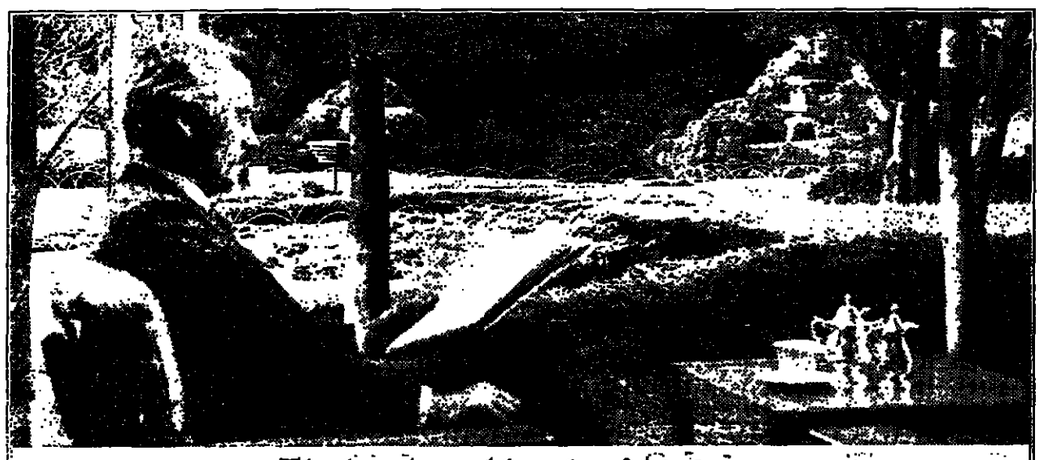
According to M. Tomizawa, deputy general manager of C. Itoh's Corporate Information Department in Tokyo, his firm's East European activities fall into two broad areas: trading and investments. Textiles, petrochemicals, foodstuffs, machinery, steel and more are handled by the trading arm, while seeking and analyzing investment opportunities, such as the Hungarian auto joint venture, is the firm's other role.

In March this year the *sogo shosha* along with Japanese banks and travel agencies began organizing business tours to Eastern Europe and the Soviet Union for executives in the hotel, distribution and construction industries. The packages included meetings with local business organizations and prominent citizens in the host countries. Also in March, an agreement between Mitsubishi and Daimler-Benz was announced.

Meanwhile, both of Japan's major international airlines have been building new links of their own, JAL with the then-East German Interflug (for a Tokyo-Berlin route), Hungary's Malev (Tokyo-Budapest) and the Soviet Union's Aeroflot (Tokyo-Eastern Europe via Moscow). ANA has established a route connection with Austrian Airlines and is negotiating with Poland's LOT. Marubeni, after a three-year feasibility study, announced in June its participation in a Western consortium-Soviet Union project to build a $7-billion petrochemical complex at Tengiz on the coast of the Caspian Sea. Along with U.S. Occidental Petroleum and Montedison S.P.A. and Enichem of Italy, Marubeni shares in the 49 percent stake the consortium will hold. C. Itoh announced in July that it had acquired a 10 percent stake in Austrian food processor Steirerobst, that nation's second-largest supplier of apple jam and juice. In September, Daihatsu became the last major Japanese auto maker to form a sales network in East Germany.

The following month, C. Itoh made the first major Japanese deal in newly unified Germany by buying a 5 percent stake in Klöchner Werke, a leading maker of steel and machinery, which will produce 400,000 tons of steel sheets a year mainly for Japanese auto makers operating in Europe. In November, C. Itoh announced a joint venture with France's Model SA, a major metal company, to set up Pressmatic SA, a precise metal processing firm, in Besançon.

Sage Ballard



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Briefs / Corporate News and Views

Strategic Purchases by Investors

● For the first 10 months of 1990, total **Japanese investment in the United States** — everything from takeovers to stock purchases — lagged far behind the total over the same period of time in 1989. There were 151 Japanese deals, worth $4.4 billion, as of November 1, compared with 143 deals worth $12.9 billion in the first 10 months of 1989, according to Ulmer Brothers, a New York-based investment bank specializing in U.S.-Japanese corporate activity. The average size of the deal has also declined, from $90 million last year to $29 million to date in 1990. Ulmer Brothers has found that, as with real estate, the Japanese investors are often moving to smaller, more strategic purchases. Among the emerging sectors of interest to the Japanese is the biomedical industry, where eight deals, with an average size of $6 million, were recorded in the first nine months of 1990. The total 1990 investment figure will be swelled considerably, however, by the $7-billion mega-deal recently concluded between MCA Inc. and Matsushita Electric Industrial.

● After several years of losing market share to Japanese-made chips, **American semiconductor manufacturers** may gain back some of their home market this year. Japan's portion of the $15 billion U.S. market in 1989 was 26.6 percent, compared with American companies' 67.3 percent. The Semiconductor Industry Association, the California-based manufacturers' group, estimates that the U.S. share may go up to about 70 percent by the end of this year, according to spokesman Tom Beermann. The change reflects the drop in the price of the D-RAM. Japan dominates the production of that chip, while U.S. companies enjoy strength in microprocessors and other chips, where the price has remained steady, Mr. Beermann says.

● Along with other Japanese business sectors, the shipping industry is pursuing global expansion plans. **Mitsui O.S.K. Lines,** long one of Japan's major international shipping firms with a 277-vessel fleet serving some 300 ports in more than 100 countries, is also involved in air cargo, real-estate development, computer services and other business interests, including a luxury cruise ship operation in response to the current leisure-travel boom in Japan. The company's three luxury passenger liners, combined with its resort experience, already make it a heavy hitter in what is projected to be a fast-growing business in the Japanese and Asian markets. New February, a consortium that now includes five carriers serving the European-Mediterranean markets, will be reformed by three lines, Mitsui O.S.K. and NYK of Japan, and Hapag-Lloyd of Germany, in anticipation of 1992 EC market integration and expected increased trade with Eastern Europe.

● **NYK Line** is another of Japan's top global shipping firms, with a fleet of 342 vessels, including container ships, bulk carriers and tankers. NYK has also strengthened its presence in Europe with the establishment, in 1988, of NYK Line (Europe) Ltd., and it will be part of a new consortium serving Europe and Asia from early next year, along with Mitsui O.S.K. Lines and Hapag-Lloyd. After a hiatus of 30 years, NYK has returned to the luxury passenger liner business in a big way. Its Crystal Harmony cruise ship features the first Caesars Palace casino at sea. Frontier Spirit, the largest cruise ship afloat, is a worldwide adventure and discovery vessel. Japan-based Asuka is a 600-passenger pleasure cruiser with service in the Hotel Okura (a partner) mode. And the Lady Crystal, a luxury dining yacht, offers posh dinner and cocktail cruises in and around Tokyo Bay.

● **Navix Line,** the Japanese shipping corporation that pioneered the development of Japan/Soviet container service, now offers quicker service between Japan and Europe through a land transport linkup via the Trans-Siberian Railway. Nippon Liner System, Navix's container-liner division, now operates 36 container vessels in eight major liner routes, with additional service in the Caribbean and South America.

● **Olympus** has developed a new high-performance camera lens with Extraordinary Dispersion (ED) glass that offers outstanding end results free from color aberrations. The new Olympus 35 mm-135 mm Power Zoom with ED glass also has a Floating Cam Focus System that minimizes required movement, allowing for a new level of zooming/focus speed.

Sage Ballard is a free-lance writer based in Tokyo.

Steve Dryden is a business journalist based in Washington, D.C.

Tim Harper is an American journalist and lawyer based in London.

Richard Johnson, based in Frankfurt, often writes about the auto industry.

Minoru Masuda is chairman of JETRO.

Michael Rowe is a free-lance journalist based in Paris.

Stephen Vines is a business journalist based in Hong Kong.

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	Q1	Q2		Q1	Q2
Brother Industries, Ltd.			Mitsubishi Motors Corp.		
Canon, Inc.			Mitsui & Co.		
Casio Computers Co. Ltd.			Mitsui O.S.K. Lines, Ltd.		
Citizen Watch Co.			Navix Line, Ltd.		
C. Itoh & Co.			NEC Corp.		
Fuji Photo Film Co.			Nikon Corporation		
Fujitsu, Ltd.			Nippon Steel Corp.		
Hattori Seiko Co.			Nippon Telegraph & Telephone Corp. (NTT)		
Hitachi, Ltd.			NYK Line		
Honda Motor Co.			Nissan Motor Co.		
K Line			OKI Electric Industry Co.		
Komatsu, Ltd.			Olympus Optical Co.		
Konica Corp.			Ricoh Co.		
Kubota, Ltd.			Sanyo Electric Co.		
Marubeni Corp.			Seiko Epson Corp.		
Matsushita Electric Industrial Co.			Sharp Corp.		
Mazda Motor Corp.			Shiseido Co.		
Minolta Camera Co.			Sony Corp.		
Mitsubishi Corp.			Toshiba Corp.		
Mitsubishi Electric Corp.			Toyota Motor Corp.		

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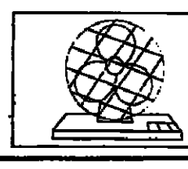
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ECONOMIC SCENE

Analyst Sees Downturn With a Different Face

By Diana B. Henriques
New York Times Service

NEW YORK — To many Wall Street sages, the most dangerous phrase in the language is: "It's different this time." The economic landscape is littered with corporate corpses whose last words were, "Sure, junk bonds haven't had a good name, but it's different this time." Or, "A debt-heavy balance sheet used to be dangerous, but it's less risky now."

Of course, some things really do change, and change so profoundly, with such intriguing implications for the market, that Wall Street ignores the alteration at its own risk.

One such change has been occurring over the past four years, according to a forthcoming study by Mickey Levy, chief economist at CRT Government Securities in New York, an affiliate of the Chicago Research & Trading Group.

Manufacturing may not experience the same levels of recessionary pain.

And this change, a sharp shift in how and where America makes its money, suggests to Mr. Levy that Wall Street needs to re-examine some of its assumptions about what the coming recession will look like, and which stocks will perform best while it lasts.

The markets have been preoccupied with the overall state of the economy for months, and last week that concern developed into obsessionary overdrive.

President George Bush, still loath to say "the R word," conceded that a "serious slowdown" has occurred.

Alan Greenspan, chairman of the Federal Reserve Board, spoke out loud of "a meaningful downturn."

And the Commerce Department reported that its index of leading economic indicators fell in October for the fourth month in a row, signaling to many that the recession is here.

Like most private economists, Mr. Levy expects a recession. But he does not think it will bear much resemblance to other recent downturns.

Typically, the postwar downturns have been "V-shaped recessions," Mr. Levy said, with the Fed slamming on the brakes to tame an overheated economy and then hitting the gas pedal just as abruptly after the recession develops.

"Thus, the entrance into and exit from recent recessions were quite dramatic," Mr. Levy said. "But this time is distinctively different."

Ah, the fateful phrase. But Mr. Levy is not deterred: "Look, it is simply common experience. We may all look back from some point in the future and say, 'Gee, 1990 — the gross national product was growing, but it still felt like a recession. The Fed tightened gradually, and we have had this gradual slowdown.'"

According to Mr. Levy, "The gradual onset of this recession distinguishes it from every other postwar downturn except for 1969.

"And 1969 is not really comparable because you had the Vietnam War build-up, with defense spending as a much higher percent of GNP than today, despite the situation in the Middle East."

Similarly, barring any aggressive stimulation from the Fed, the rebound from this recession is likely to be more anemic than in the past, and to come only after some protracted period of "flatness," Mr. Levy said.

What does this matter of timing mean to Wall Street? Well, the abrupt nature of past recessions helped dictate which industries felt the most pain, in Mr. Levy's view.

Any sudden plunge into recession typically leaves manufacturers with unsold products in the warehouse.

They cope with this inventory backlog by quickly scaling back production, producing layoffs and reduced business for their suppliers and distributors.

That is one reason why service firms, unburdened by unsold inventory, have tended to outperform manufacturers during past recessions.

But this time around, manufacturers have not accumulated the inventories that haunted them in the past — perhaps because of changed production practices that emphasize lower inventories, or perhaps just because the gradual slowdown gave companies the chance to adjust more gracefully.

At the same time, the weaker dollar has produced a dramatic but little-appreciated boom in exports, which have grown from less than 11 percent of gross national product in 1986 to nearly 15 percent this year.

Further, there has been a sharp rise in the share of GNP made up of spending on durable goods, which economists define as products with a life of at least three years and which shoppers define as big-ticket items like cars. Both developments benefit manufacturers more than their service-sector brethren.

Since each percentage-point share of the GNP is worth about

See ECONOMY, Page 15

Murdoch Rating Is Cut

News Corp. Seen In 'Fragile' State

Agence France-Presse

SYDNEY — The Australian arm of Standard & Poor's Corp. downgraded Rupert Murdoch's News Corp. sharply on Sunday, saying it was in "an extremely fragile financial position."

"In our view News' capacity to repay debt in a timely manner has been seriously eroded," Australian Ratings said of the giant media company, which has total debts of 13.8 billion Australian dollars ($10.7 billion).

The agency downgraded News Corp.'s short-term debt by two notches from B1 to C1, the lowest level possible. The new rating "is assigned to issues where protection levels are inadequate," it said.

The company's long-term debt rating was cut five notches from double-B-plus to single-B-minus. That is only one step from the agency's long-term C category, which signifies that protection is poor and that default is a risk, or has already happened.

The downgrading follows a similar move last month by Moody's Investors Service Inc.

News Corp. executives were unavailable for comment Sunday.

News Corp. executives have met bankers recently in a bid to renegotiate debts of about 6.5 billion dollars, in particular stretching out repayments on short-term debt.

Mr. Murdoch said last month banks had been "very supportive" of the plan but that asset sales of about $1 billion would be needed.

He has refused to say what assets would be sold, but he has ruled out selling television and movie operations that span Australia, the United States and Britain. The group's other interests include newspapers, magazines, book publishing and a half-stake in Australia's domestic carrier, Ansett Airlines.

Australian Ratings said, "It has become increasingly difficult to have confidence in the market value of key assets when combined with a funding structure that is vulnerable to a change in banking attitudes."

A Foreign Role in U.S. Skies?

Administration Considers Relaxing Rules on Airlines

By Martha M. Hamilton
and Frank Swoboda
Washington Post Service

WASHINGTON — Facing the prospect of an airline industry dominated by a few powerful firms, Bush administration officials are considering whether a dose of foreign investment may be needed to prop up the industry's weakest carriers and sustain competition.

Battered by higher fuel prices and weak demand, the number of major U.S. airlines could be reduced by almost half over the next few years, according to industry officials and analysts.

Some of the oldest names in U.S. aviation — Eastern Air Lines, Pan American World Airways and Trans World Airlines — are in serious financial trouble, their futures in question. Eastern already is operating under the protection of federal bankruptcy court. Other airlines, including Continental, Midway and America West, are finding themselves on increasingly shaky ground.

[The chairman of American Airlines said as many as half the nation's airline seats could be on carriers operating under bankruptcy court protection within a few months if high fuel costs, falling revenues and fare discounting persist, Thomas C. Hayes of The New York Times reported from Dallas.

["The airline industry in the United States today is literally going broke," Robert L. Crandall told reporters Thursday night. "We have too many seats chasing too few customers."

[Mr. Crandall said he was repeating statements made by top executives of several of the nation's airlines to Transportation Secretary Samuel K. Skinner at a private meeting earlier this month in Washington. The industry is expected to lose more than $1 billion in the fourth quarter, and if war erupted in the Gulf, it would face higher losses, Mr. Crandall said.]

New carriers are not likely to emerge to challenge the lock on the industry by the remaining giants, most industry experts agree.

"I'd say it's virtually impossible today, given the fact that even near healthy companies are having enormous difficulties in financing," said Frank Lorenzo, former chairman of the Texas Air Corp. empire, which included both Eastern and Continental.

With so many carriers on the endangered list, legislators and regulators increasingly are worried about the consequences. When the airlines were deregulated almost a dozen years ago, it produced a rough-and-tumble industry characterized by intense competition between carriers for the dollars of travelers. But that era is drawing to a fast close and could produce a jolt of higher fares after a decade of discounting, analysts believe.

The prospect has forced the administration to look toward foreign airlines as a potential way to rescue weak U.S. airlines and preserve competition.

Mr. Skinner "has come to the conclusion — at least tentatively — that a hard look at our foreign ownership rules should be part of any effort to improve the prospects for maintaining a healthy and competitive U.S. airline industry in these uniquely difficult times," according to Jeffrey N. Shane, assistant transportation secretary.

Currently, foreign investors are prohibited from buying more than 25 percent of the stock of a U.S. airline or from having what would amount to control over any U.S. carrier. That law resulted in the Transportation Department's requiring KLM Royal Dutch Airways to reduce its proposed investment in Northwest Airlines in 1989 and has prevented the prospect of weak carriers here being merged with stronger airlines abroad.

The fading prospects for competition in the United States has produced a chorus of voices calling for a new look at those restrictions.

Alfred Kahn, former chairman of the Civil Aeronautics Board who is often referred to as the father of airline deregulation, believes that loosening the restrictions of foreign carriers may be the key to preserving competition. Allowing carriers from abroad to compete more freely in the United States also could help to keep fares lower, he said. "The American automobile industry and the American steel industry were ultimately disciplined by foreign competition," he said.

But preserving competition in the airline industry will take more than just allowing foreign carriers to invest in U.S. airlines or to fly more freely within the United States, say many of those concerned about the industry.

"I don't understand the hand wringing over this," said Henry Duffy, the outgoing president of the Air Line Pilots Association. Proponents of deregulation "said this industry needed a free market. Well, this is a free market."

Mr. Duffy acknowledged "there's no going back" to a regulated industry. But he said the airline unions would oppose any move in Congress to allow foreign airlines to fly domestic routes. "I think we can hold the political process against this happening," he said.

John Peterpaul, the vice president in charge of transportation at the International Association of Machinists union, is equally opposed to letting foreign airlines fly domestic routes. He is less certain about foreign ownership. "I've got mixed emotions about foreign investment," Mr. Peterpaul said. He noted it would help preserve U.S. jobs in the industry: "Where do we get hurt the most, by letting them buy or not letting them buy?"

Mr. Peterpaul predicted the current financial troubles in the airline industry will get worse in coming years. "There's going to be a lot of turmoil and more bankruptcies," he said.

Most industry experts agree two key factors make it unlikely that new competitors will emerge: Major carriers already dominate the nation's air-

See AIRLINES, Page 15

Singapore Airlines and Swissair announce details of their share swap. Page 15.

AT&T Offering $6 Billion for Computer Firm

Compiled by Our Staff From Dispatches

NEW YORK — American Telephone & Telegraph Co. on Sunday announced a $6 billion takeover bid for NCR Corp., the fifth-largest U.S. computer company, in a deal that would strengthen the phone giant's presence in the computer industry.

The offer, which AT&T said is friendly, is a stock-for-stock deal valued at $90 per NCR share, AT&T said.

The telecommunications concern said it was willing to negotiate all aspects of its proposal, including price.

In a statement, AT&T said that since Nov. 15, it had repeatedly expressed its interest in a negotiated transaction with NCR. The companies have exchanged letters, and their chairmen have had several conversations and made presentations to each others' board.

On Nov. 30, NCR informed AT&T that was "prepared to enter into private discussions," but had refused to meet with either AT&T or its advisors, AT&T said.

AT&T said it was disappointed, but that it continued to hope that NCR would negotiate a merger that is of strategic benefit to both companies and offers full value to NCR shareholders. AT&T said its proposal would remain open until the close of business Wednesday.

AT&T said it believes that if a merger price acceptable to NCR cannot be negotiated the ultimate decision should be made by NCR shareholders.

The total $6 billion value of the offer for NCR reflects a premium of 88 percent over the price of NCR stock on Nov. 7, 1990, the day before a deal was first rumored, AT&T said.

Shares in NCR jumped immediately after rumors hit the market almost a month ago about a possible merger or combination of their businesses. The shares have moved higher since then, and NCR closed Friday at $56.34. AT&T ended at $32.125.

For the phone giant, a deal with NCR would be the latest and most significant move into the computer market.

In August, AT&T said it would pay $191.8 million for shares in Sun Microsystems Inc. that would boost AT&T's stake in the California-based maker of computer workstations to 14.7 percent. The sale was part of an investment agreement between the companies under which AT&T can buy up to 15 percent of Sun's stock in installments from the company and purchase an additional 5 percent on the open market by January.

AT&T's microelectronics division has also been refashioned along the lines of Silicon Valley chipmakers in an effort to make the company a world-class semiconductor maker. *(Reuters, AP)*

Official Says G-7 Will Meet Next Month

Reuters

MILAN — A senior European monetary official said Sunday that the Group of Seven industrialized nations will meet in January to discuss exchange rates and the dollar.

The official, who asked not to be identified, was in Milan for an informal meeting of European Community finance ministers and central bankers. He declined to give further details.

Treasury Minister Guido Carli of Italy said at a press conference after the ministers' meeting that the subject of a Group of Seven meeting was not formally discussed. The Group of Seven includes the United States, Japan, Germany, France, Britain, Italy and Canada.

Earlier in Tokyo, the Nihon Keizai Shimbun newspaper reported that the Group of Seven would meet around Jan. 20 in the United States. It said the site and agenda had not been determined yet.

GATT States Push Plan to Open Financial Sector

By Clyde H. Farnsworth
New York Times Service

BRUSSELS — On the eve of a final conference intended to reshape the world trading system, a group of developed countries has come together to try to forge a common accord on liberalizing trade in banking and other financial services.

After four years of negotiations, a ministerial conference of 107 nations is seeking to reach agreement before a Dec. 7 deadline to broaden and strengthen the General Agreement on Tariffs and Trade. The hope is to further stimulate nearly $4 trillion of annual world trade and spur economic growth.

But talks leading up to Monday's gathering have been stalled by deep division over establishing rules for cutting trade barriers in agriculture and in services, sectors where barriers now proliferate because they were excluded from the original GATT charter.

A decision by Canada, Japan, Sweden and Switzerland to propose a regime that would set conditions for equality of opportunity in financial services was seen as moving the talks forward at a critical juncture.

Canada's minister of international trade, John C. Crosbie, said the proposal, which has attracted strong support from American private industry, will be formally presented to the meeting on Monday.

That Japan has joined the group is regarded as highly significant, since this represents the first time that Japan has taken a leadership position in the four-year-old trade negotiations.

But while there were signs of movement in services, the talks are still deadlocked in agriculture because of differences between the European Community, which wants to continue protecting its 10 million farmers, and the United States and other major exporting nations, including many developing countries, which are demanding sharp cuts in subsidies and domestic protection to try to win new export markets now taken by the Europeans.

"Agriculture is the little key that opens all doors," said Representative Sam Gibbons, Democrat of Florida, the House trade subcommittee chairman who is one of nearly a dozen U.S. lawmakers in Brussels to follow the proceedings.

Agriculture Secretary Clayton K. Yeutter of the United States, after meeting with both Agriculture Commissioner Ray MacSharry of the European Community and Farm Minister Tomio Yamamoto of Japan, said that although there were no breakthroughs he was "slightly less pessimistic" about reaching agreement than he had been.

Arthur Dunkel, the director-general of GATT, hinted for the first time that the United States might have to modify its tough stance on farm subsidies to clinch an agreement, Reuters reported. Previously, the European Community has drawn the most criticism for the impasse.

Responding to earlier comments by Mr. Yeutter saying that the Community would be to blame if the trade talks fail, Mr. Dunkel responded: "If Yeutter's pessimistic, it could be because he sees some of his aims appear a bit out of reach." He added that "in any negotiation, you start by putting your maximum request, then you come to terms."

An estimated 25,000 to 30,000 farmers, including up to 500 Americans, are expected to demonstrate in Brussels on Monday against cutbacks in farm protection.

Japan has contributed to the paralysis in the agriculture sector by adamantly refusing to open its market to imported rice. Japanese farmers have been demonstrating in Tokyo against any liberalization.

EC Officials Support Statute on Central Bank

The Associated Press

MILAN — The European Community's top financial officials gave broad support Sunday to a draft statute for a strong, politically independent European central bank, with price stability as its primary goal.

The finance ministers and central bank governors did not make any formal decisions, but they forwarded the document to the intergovernment conference of EC heads of state on monetary union, scheduled for Dec. 15, according to the chairman of the EC committee of central bank governors, Karl Otto Pöhl.

The weekend meeting marked the European debut of Britain's new chancellor of the Exchequer, Norman Lamont.

Speaking to reporters afterward, Mr. Lamont said he maintained Britain's "reserve against a single currency and a single European central bank." But he added that he was "hopeful" a compromise might be reached at the conference in Rome later this month.

"It's just my belief that we can find some common ground," he said.

Other officials at the meeting said they detected a change in the British position, but it remained unclear whether it was a change in form or substance.

Britain's former prime minister, Margaret Thatcher, opposed the adoption of a single currency as the final goal of economic and monetary union.

John Major, the new prime minister and Mr. Lamont's predecessor as chancellor, has proposed the creation of a "hard Ecu" existing alongside national currencies, and a European monetary fund capable of issuing money, as the way of promoting monetary integration.

According to the draft statute, both the European central bank and national central banks should be free of any political influence. The European bank would be modeled after the German Bundesbank.

A number of issues remain to be settled, however, including the authority of the European central bank to conduct an independent exchange rate policy through intervention in the currency markets.

Mr. Pöhl, the Bundesbank president, downplayed the disagreement on this issue.

"We all agree that price stability should be the main objective, and not exchange-rate stability," he said at a news conference

Continental Says No 'White Knight' Is Sought

By Richard E. Smith
International Herald Tribune

FRANKFURT — The chief executive of Continental AG said that his company, locked in a battle to thwart what he sees as a hostile takeover bid by Italy's Pirelli SpA, was "not looking for a white knight" and he denied market rumors that Continental might unite with a Japanese company to undercut Pirelli's offer.

In a comments for release Sunday, Horst Urban said that he did not reject out of hand some sort of agreement with Pirelli. But he did give a litany of reasons why the current offer was the wrong proposal at the wrong time.

"Continental does not intend to become a unit of Pirelli," Mr. Urban said, stressing his chief objection to a plan that would involve the sale of Pirelli's tire operations to Continental, but would allow Pirelli to maintain control of both. The offer was made in September.

A merger of Continental and Pirelli, the world's fourth- and fifth-largest tiremakers, would control more than 15 percent of the global tire market.

Pirelli claims to already control 51 percent of Continental's stock in association with various unnamed allies, lending apparent weight to its attempt to make Continental accept its offer. This has prompted the combative Mr. Urban to oppose the plan with increasing frequency and volume.

Mr. Urban predicted that Continental's profit this year should amount to roughly 1 percent of an estimated 9.5 billion Deutsche marks ($6.3 billion) in sales. He noted that this would be "less than half" of last year's comparable profit figure of about 200 million DM.

The company's ambitious investment program would continue with plans to spend over 900 million DM this year, up from 650 million DM in 1989, he said.

He also said that a review of the assets of both Continental and Pirelli by independent auditors should be completed in the next two to three weeks. He had proposed the review, based on publicly available information, to set a clearer basis for negotiations.

'Continental does not intend to become a unit of Pirelli.'

Horst Urban, chief executive of Continental AG, outlining his main objections to a takeover plan.

But Mr. Urban claimed that Pirelli's proposal to ask Continental to pay as much as 2 billion DM for the Pirelli tire operations was "impossible to carry out." Noting that this amount surpassed even Continental's own market value at the moment, he claimed that it would impose a punishing interest rate burden and weaken the company to the point of opening management to shareholder suits.

He also questioned the basis for the price asked by Pirelli, claiming that Continental used much more conservative accounting for its own assets.

In addition to his long-time position that a worldwide recession in the tire industry was a poor time to merge, he noted that neither Pirelli nor Continental had extensive operations yet in either Asia or Eastern Europe, where growth will be strongest in coming years. "We can't help each other in these areas," he said.

He also noted that areas where the companies overlap in established markets could force Continental to lose production of 2 million to 2.5 million tires annually, roughly 3 to 4 percent of its overall volume and equivalent to the production of one of its middle-sized factories.

The concentration of two major European producers would also irritate the Continent's major automakers, since they prefer to have a number of strong independent suppliers, he said.

Responding to journalists' questions, Mr. Urban said he would not go so far as to say that Pirelli is "bluffing" with its claim that it now controls a majority of Continental's voting stock in cooperation with allies who have not identified themselves.

"But why do they not identify themselves if they say that this is friendly?" he asked. "What is the secret?"

If Pirelli can muster a voting majority, it could call for an extraordinary shareholders' meeting.

Since Continental has limited any single shareholder's voting rights to 5 percent regardless of the size of his stake, Pirelli would have to have at least 10 other allies to vote with it to change management or change the rules limiting voting rights.

■ German Rail Vote

A spokesman for a railway workers' union said Sunday that majority of workers at the east German railway Reichsbahn voted against an agreement reached last week between the management and the union's leadership, but enough union members voted for the pact for it to be accepted, Reuters reported from Frankfurt.

CURRENCY RATES

Cross Rates — Nov. 30

	$	£	DM	F.F.	Lira	D.FT	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.698	3.389	1.1281	0.3244	0.1504 *	—	5.464 *	1.3219	1.3738 *	1.453	1.777 *
Brussels	31.065	61.225	20.658	5.9395	2.7534 *	18.314	—	24.211	8.2334	26.65	32.555*
Frankfurt	1.505	2.975	—	0.2962	0.1373 *	0.8845	4.843 *	1.1722	1.13 *	1.2895	1.576 *
London (a)	1.963	—	2.911	0.8303	2.295.59	2.2963	10.49	2.4245	252.94	2.2863	184.51
Madrid	95.293	184.711	63.385	18.735	8.443 *	55.765	3.87	74.34	71.46 *	81.88	—
Milan	1,239.70	2,388.55	758.67	222.36	—	665.56	36.25	888.52	8.463	967.45	11.832
New York (b)	—	1.9655 a	1.4815	0.4354	1,724.58	1.4885	30.83	1.328	132.55	1.1445	98.145
Paris	5.8795	9.843	3.3735	—	8.4497 *	2.972	8.1634	3.3557	3.885 *	4.345	5.319 *
Tokyo	132.48	258.86	88.49	25.24	8.1181	78.48	4.2866	184.34	—	114.68	1.4084
Toronto	1.1549	2.284	0.776	0.2209	1.035 *	0.6859	2.252 *	0.8726	0.8788 *	—	1.234 *
Zurich	1.2825	2.4826	0.8542	0.2551	0.1136 *	0.7571	4.1438 *	—	0.8936 *	1.0899	1.3492*
1 ECU	1.3644	2.7008	0.9504	0.2709	1.538.85	2.3121	42.2575	1.7585	161.941	1.5925	138.349
1 SDR	1.4288	0.7265	2.3473	2.3473	N.Q.	2.4222	44.2567	1.8386	169.36	1.6671	135.961

Closings in London and Zurich, fixings in other centers. New York closing rates, Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	2096.0	Greek drac.	154.45	Mex. peso	2933.60	S. Afr. rand	2.495
Austral. $	1.2945	Hong Kong $	7.7958	N. Zealand $	1.6393	Soviet ruble*	0.551
Austr. schil.	10.46	Indian rupee	16.149	Norw. krone	5.866	Swed. krona	5.922
Brazil cruz.	120.32	Indo. rupiah	1868.01	Phil. peso	27.80	Taiwan $	26.74
Chinese yuan*	4.72	Irish £	0.5602	Port. escudo	151.75	Thai baht	25.01
Danish krone	5.76	Israeli shek.	1.9873	Saudi riyal	3.7503	Turkish lira	2768.50
Egypt. pound	2.8335	Kuwaiti dinar	n.a.	Sing. $	1.722	UAE dirham	3.6727
Fin. markka	3.57	Malay. ring.	2.695	S. Kor. won	712.30	Venez. bolív.	50.33

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9335	1.9256	1.9188	Canadian dollar	1.1696	1.1724	1.1759
Deutsche mark	1.4693	1.4680	1.4649	Japanese yen	132.94	132.95	132.95
Swiss franc	1.2798	1.2790	1.2786				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	Nov. 30	Nov. 23	Change
United States			
DJ Indus.	2,559.65	2,527.23	+ 1.28 %
DJ Util.	212.09	209.80	+ 1.48 %
DJ Trans.	853.00	844.12	+ 1.05 %
S & P 100	385.73	299.83	+ 1.97 %
S & P 500	322.22	315.18	+ 2.24 %
S & P ind	377.92	369.71	+ 2.22 %
NYSE Cp	178.06	172.39	+ 2.13 %
Britain			
FTSE 100	2,149.40	2,170.50	— 0.97 %
FT 30	1,675.00	1,706.80	— 1.86 %
Japan			
Nikkei 225	22,455.	23,400.	— 4.04 %
West Germany			
DAX	1,441.23	1,483.36	— 2.84 %
Hong Kong			
Hang Seng	2,965.06	3,016.06	— 1.69 %
World			
MSCIP	454.40	464.80	— 2.24 %

World index From Morgan Stanley Capital Int'l.

Money Rates

	Nov. 30	Nov. 23
United States		
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds rate	7 9/16	7½
Japan		
Discount	6.00	6.00
Call money	8 7/32	8 7/32
3-month interbank	8 7/32	8 7/32
West Germany		
Lombard	8½	8½
Call money	8.55	7.60
3-month interbank	9.10	8.80
Britain		
Bank base rate	14.00	14.00
Call money	14%	14%
3-month interbank	13%	13%
Gold	Nov. 30	Nov. 23	Change
London p.m. fix.$	384.85	383.60	+ 0.33 %

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. November 30

Australian Dollars

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
ABN Austral	14½	94	99½	14.69	
AIDC	17¾	91	97¼	17.45	
Anz Bk Gp	n.a.	91	84¾	37.41	
Austri Control	12¼	92	97½	13.42	
Austri Control	13¾	94	100½	13.38	
Austria	14¼	92	101¼	12.78	
BMW Fin	14½	92	100¾	13.42	
BNP	12¼	93	98	13.36	
BP Capital	14½	92	100	13.61	
BP Capital	12¾	92	98½	13.73	
BP Capital A	13¾	92	99¼	13.81	
CBA	13¾	93	97¾	13.66	
CBA	12¼	94	103¼	12.88	
CBA	14	92	100½	13.73	
CBA	14	95	101	13.63	
CBA	13¾	90	100¼	13.62	
Council Europe	14	92	100¼	13.34	
Council Europe	13	93	98½	13.74	
Cr Suisse	14½	92	108¼	13.72	
Deut Bk	13¾	93	99½	13.58	
Deut Bk	12¾	95	98	13.34	
Deut Bk	13	92	98	13.42	
Deut Bk Aust	14½	95	103¼	13.25	
Deut Bk Fin 52	14	93	101	13.47	
Deut Bk Fin	15	92	101	13.55	
Eurofima	13½	93	98½	13.92	
Eurofima	13½	94	100	13.48	
Eurofima	13	95	98½	13.51	
Exportfinans	14½	93	102	13.51	
Girozentr Wien	12¾	93	98½	13.51	
ICM	15¼	93	102¾	13.63	
IBM Aus Cred	12¼	92	98¾	13.73	
IBM Aus Cred	13	92	98¾	14.73	
IBM Aus Cred	16	92	103¼	13.87	
IBM Aus Cred	14¾	93	100½	14.02	
IBM Aust	15¾	91	101½	13.85	
IBM Aust	15½	93	103	13.93	
ICI	15	92	100¾	13.97	
ICI	15½	92	101¼	13.73	
Mcdonalds Con	15	95	103¼	13.92	
NSW Treasury	14½	92	101	13.71	
Natl Austrl Bk	14¾	94	102	13.87	
SEC Victoria	12¼	95	95	13.75	
SEK	14½	92	100¾	13.51	
SEK	13	93	96½	13.91	
Soc Gen	12½	93	97	13.92	
St Bk Nsw	13½	93	100	13.87	
St Bk Nsw	14½	94	101	13.61	
St Bk Nsw	14¼	99	101½	13.92	
St Bk Sth Aust	15¼	94	103¼	13.53	
Sweden	15	94	101	13.42	
Sweden	13¾	94	101	13.29	
UBS Fin	14	94	101	13.57	
Volkswagen	15	94	103½	13.85	
World Bk	13¾	92	100	13.23	
World Bk	14½	94	101	13.56	
World Bk	13	94	97½	13.59	
World Bk Feb	14½	92	100	13.60	
World Bk Jul	12¾	93	98	13.62	
World Bk Mar	12¾	93	98	13.74	

Canadian Dollars

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
AIDC	10	91	99¼	12.08	+124
AIDC	10½	93	95¼	12.07	+127
AKZO	11	91	99	11.94	+116
Abbey Natl	10¼	94	95½	11.91	+110
Abbey Natl	10¾	93	96½	12.24	+145
Alberta Prov	10¼	94	98¾	11.27	+46
Amer Genl	10	91	98½	11.89	+113
Arco Fin	11	93	97	12.30	+149
Ask Cger	10¼	91	98¼	12.85	+129
Ask Cger	11½	91	99½	12.63	+187
Austri Control	10¾	92	98¾	11.44	+68
Austri Control	11¾	95	101¼	11.22	+40
Austri Control	10¼	99	93¾	11.43	+56
Austri Control	9	97	91½	10.92	+11
Austri Sparkas	9½	92	97¼	11.52	+77
Avco Fin Serv	11½	92	98	12.37	+161
Avco Fin Serv	10¼	92	97	12.34	+158
BC Province	12½	98	100¼	11.80	+104
BC Province	9¾	96	90	11.41	+65
BC Telephone	12¾	99	103¼	11.45	+47
BFCE	10	94	95¼	11.13	+32
BNP	10½	94	96¾	11.25	+44
BNP	10¼	91	98¾	12.04	+128
BNP	11½	92	97½	12.82	+206
Becob Finance	11½	91	99¼	12.80	+204
Bayerische Fin	10¾	92	98	11.56	+80
Bcr Inc	9¾	93	95¼	11.49	+71
Bell Cnad Reg	9½	96	90¼	12.40	+164
Bell Canada	10¾	99	94¾	11.72	+65
Bell Canada	10½	04	94	11.76	+89
Bell Canada	10	91	99¼	12.16	+140
Bell Canada	12¾	00	99	12.53	+165
Bell Canada	9¾	06	84½	11.56	+68
Bergen City	8¾	94	91	12.08	+119
Berliner Bk	10¼	91	98¼	11.53	+77
Bhf-Bk Fin	10¾	92	98½	11.62	+86
Bk Montr Reall	10¾	97	97¾	12.09	+133
Bk Montr Reall	9½	96	91½	11.47	+91
Bk Montreal	11¾	91	99½	12.38	+162
Bk Montreal	10¼	91	99½	12.01	+125
Bk Nova Scotia	9¾	97	98	12.02	+113
Bk Tokyo	10½	92	98½	11.88	+112
Bk Tokyo	9¾	94	95½	12.03	+112
Bk Tokyo	10½	95	93¾	12.75	+199
Bmw Fin	12½	95	97¼	11.92	+116
Borden Inc	10¾	93	97½	11.94	+112
Bq Intl Lux	11	92	101½	10.12	-64
Bq Paribas	10½	91	98¼	11.83	+117
Brit Columb	9¼	93	93½	11.79	+62
Brit Columb	9¼	90	100	8.68	-216
Brit Columb	12¼	91	100¼	11.77	+101
Brit Columb	12	93	100	12.00	+118
Brit Columb	9¾	01	86¼	11.78	+82
CBA	9½	92	97¼	12.04	+128
CCJ Quebec	10	91	98½	11.92	+116
CEPME	12	91	97¼	12.97	+221
CIBC	9¾	91	98¼	11.37	+61
CIBC	10¾	91	98½	11.50	+74
CIBC	9½	91	99	11.82	+106
CIBC	11¼	91	99¼	11.96	+120
CIBC	11¾	91	101½	9.85	-91
CIBC	9	92	95¼	12.12	+136
CIBC Sing	11¾	94	98	11.88	+107
CNCA	12¾	93	102¼	11.49	+69
CNT	9½	94	91	11.92	+110
Can Natl Railw	9½	94	94½	11.95	+114
Can Natl Railw	12½	95	102	11.14	+38
Can Natl Railw	9¾	96	90	11.83	+105
Canada	n.a.	01	29	11.64	+177
Canada Trust	9¾	92	97¼	11.78	+102
Can Trustco	10¼	93	96	12.06	+127
Carlsberg	10	91	91	12.01	+119
Can Natl Railw	11½	93	99¼	11.42	+63

ECU Straights

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
ABB	8¾	94	98	12.11	+171
AKZO	7¾	91	97¼	10.87	+50
Abb Fin Inc	10½	92	102¼	10.34	
Abbey Natl	9	92	97½	10.58	+22
Abbey Natl	10¼	95	97½	10.80	
Aegon	7¾	91	98¾	10.88	+57
Aegon	7¾	91	97½	10.81	+50
Aegon	7½	95	87	10.82	+42
Afric D Bk 'B'	10¼	91	100	10.46	+15
ABN	9½	92	98½	10.58	+25
All Nippon Air	9	95	92¾	11.15	+75
Amex	7½	91	97¾	11.25	+104
Andelsbanken	9¼	92	97¾	10.81	+45
Anz Bk Gp	10¾	91	99½	10.68	+37
Anz Bk Gp	9¼	92	98¼	10.81	+46
Anz Bk Gp	8	93	93½	10.95	+55
Asfinag	10½	95	101¼	10.13	
Ask Cger	7½	92	94½	11.60	+125
Austri Control	8¾	94	95¼	10.20	
Austri Control	9½	95	98½	9.99	
Austri Control	10¾	95	101½	10.14	
Austri Control	10	96	99¼	10.53	+13
Austria	7½	94	92½	10.16	
Austria	8¾	93	93½	10.51	+11
Austria	8½	95	95¼	10.54	+54
Austria	10¾	93	100	10.60	+30
Austria	9¼	94	95½	10.49	+9
BFCE	7¼	96	85½	10.11	
BFCE	9	99	92¾	10.33	
BFCE	9¼	92	99	10.64	+11
BFCE	8¾	93	95	10.71	+33
BFCE	8¾	93	97½	10.63	+23
BFCE X/W	4¾	94	83¾	10.64	+24
BNP	8	94	97½	10.64	+25
BNP	7¾	91	97	10.81	+41
BNP	7¾	93	93	10.82	+42
BNP	8¾	93	98¼	10.65	+25
BNP	8¾	94	98½	10.71	+31
BP Capital	7¾	93	95	10.71	+31
Bacob Finance	7	93	97½	10.68	+34
Bacob Finance	7¾	93	97¼	10.80	+40
Bacob Finance	9¼	93	97½	10.80	+40
Bacob Overs	9	92	97¾	10.71	+33
Bca Agrico	10	92	99	10.65	+22
Bca Lavoro	7¾	94	90½	11.10	+70
Bca Di Roma	7½	92	97	10.79	+39
Bca Di Roma	8¼	92	94½	10.83	+43
Belgium	8	94	93¼	10.48	+8
Bk Helsinki	9	96	93½	10.64	+24
Bk Tokyo	8½	92	93½	10.72	+33
Brit Telecom	8½	94	97	10.50	+10
Brit Telecom	11	95	100	10.61	
British Gas	11	93	101½	10.49	+29
CBA	8¼	94	97½	10.67	+27
CCCE	9½	92	96½	10.44	+11
CCF	9¼	92	97	10.59	+20
CCF	8¾	93	94½	10.75	+35
CIR Intl	8¾	94	93½	10.93	+53
CNA	10½	95	101¼	10.02	
CNA	8¼	99	93½	10.37	
CNA	7¾	95	89	10.58	+18
CNA	12¾	93	108¼	11.19	+87
CNT	7¾	95	93¼	10.47	+7

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MUTUAL FUNDS

Figures as of close of trading Friday, November 30.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. †—Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

صكا من الامل

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
SCA Capital	DM 200	1993	3/16	100¼	—	Over 6-month Libor. Noncallable private placement. Fees 0.20%. (Westdeutsche Landesbank.)
Stars 1	£ 475	2029	0.35	100	—	Over 3-month Libor until 2000, and ½ over thereafter. Average life 3½ years. Fees 0.25%. Denominations £10,000. Increased from £400 million. (Baring Brothers.)
Fixed-Coupons						
European Investment Bank	$300	1997	9¼	101.88	101.68	Noncallable. Fees not disclosed. Denominations $10,000. (Goldman Sachs Int'l.)
African Development Bank	DM 200	1995	9	100¾	—	Noncallable. Fees 1¾%. (Deutsche Bank.)
Interfinance Crédit National	DM 150	1995	17¼	101¾	—	A coupon of 17¼% will be paid in Feb. 1991, and semiannual interest will be 8% thereafter. Noncallable. Fees 1¾%. (Daiwa Europe.)
Alliance & Leicester Building Society	£ 75	1996	11¼	98¼	—	Noncallable. Fees not disclosed. (Barclays de Zoete Wedd.)
Crédit Lyonnais	ITL 150,000	1994	13⅛	101.65	99.95	Noncallable. Fees 1⅝%. (Banco di Roma.)
European Coal & Steel Community	PTA 15,000	1995	13½	101.70	100.25	Noncallable. Fees 1⅝%. (Banco Español de Credito.)
Crédit Foncier de France	ECU 125	1996	9	96.70	94.55	Noncallable. Fees 1⅞%. (Crédit Commercial de France.)
Toyota Motor Credit	ECU 60	1994	10⅝	102.995	—	Noncallable. Fees 1⅝%. (Paribas Capital Markets.)
Federal Business Development Bank	C$ 35	1992	13½	100½	—	Noncallable. Redemption at maturity may be in marks at a fixed exchange rate of 1.28 marks per dollar. Fees not disclosed. (Swiss Bank Corp.)
Postipankki	C$ 120	1995	29½	101⅝	—	A coupon of 29½% will be paid in March 1991, and semiannual interest will be 9.05% thereafter. Noncallable. Fees 1⅝%. Denominations C$100,000. (Yamaichi Int'l.)
State Electricity Commission of Victoria	Aus$ 100	2001	zero	31.10	30.10	Yield 12.40%. Noncallable. Proceeds Aus$30.8 million. Fees 1%. Payable in Jan. (Samuel Montagu.)
State Electricity Commission of Victoria	Aus$ 200	2006	zero	17.65	16.65	Yield 11.60%. Noncallable. Proceeds Aus$35 million. Fees 1%. Payable in Jan. (Samuel Montagu.)
State Electricity Commission of Victoria	Aus$ 200	2011	zero	10½	9.63	Yield 11.93%. Noncallable. Proceeds Aus$20.8 million. Fees 1%. Payable in Jan. (Samuel Montagu.)
Toronto-Dominion Australia	NZ$ 50	1993	14	101.95	100.83	Noncallable. Fees 1¼%. Payable in Jan. (Hambros Bank.)
Canadian Imperial Bank of Commerce	Y 2,200	1991	13	101⅛	—	Noncallable. Redemption amount at maturity will be linked to the performance of the Nikkei 225 stock index. Fees 1⅛%. Denominations 10 million yen. (New Japan Securities Europe.)
Monte dei Paschi di Siena	Y 10,000	1992	8	101⅛	—	Noncallable. Fees 1⅛%. Denominations 100 million yen. (Sanwa Int'l.)
Equity-Linked						
Daiichi Chuo Kisen	$110	1994	open	100	101.50	Coupon indicated at 4⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 3. (Daiwa Europe.)
Itoki Kosakusho	$100	1994	4½	100	108.25	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 3,301 yen per share and at 129.20 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Komatsu	$400	1994	open	100	101.75	Coupon indicated at 4⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 5. (Nomura Int'l.)
Maeda	$200	1994	4½	100	104.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,825 yen per share and at 131.10 yen per dollar. Fees 2¼%. (Daiwa Europe.)
Nippon Air Brake	$100	1994	4½	100	107.63	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at 1,364 yen per share and at 131.10 yen per dollar. Fees 2¼%. (Yamaichi Int'l.)
Sanshin Electronics	$ 50	1994	open	100	105.00	Coupon indicated at 5¼%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 4. (Daiwa Europe.)
Towa Real Estate Development	$100	1994	open	100	100.25	Coupon indicated at 4⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 4. (Nomura Int'l.)
Yokohama Rubber	$150	1994	open	100	103.13	Coupon indicated at 4⅝%. Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 4. (Yamaichi Int'l.)
Gastec Services	DM 45	1994	open	100	—	Coupon indicated at 5¼%. Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 3. (Nomura Bank.)
Tada Construction	DM 50	1994	open	100	—	Coupon indicated at 5¼%. Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Dec. 3. (Commerzbank.)

Oil Plunge Triggers Rally in U.S. Bonds

Compiled by Our Staff From Dispatches

NEW YORK — A plunge in oil prices in response to apparent Gulf peace moves and further confirmation of the weakness of the American economy sent inflation-sensitive long-term U.S. Treasury bonds soaring late last week.

The Treasury's benchmark long bonds, the 8.75 percent issue ma-

U.S. CREDIT MARKETS

turing in August 2020, were offered late Friday at 103 28/32, up 1 2/32 on the day. That caused the yield to drop to 8.39 percent from 8.48 percent the day before and 8.43 percent a week ago.

The Treasury's 10-year notes also soared. The 8.5 percent notes of November 2000 climbed 20/32, to 101 24/32, while the yield fell to 8.23 percent from 8.27 percent a week ago. In comparison, the yield on Japan's 10-year bonds fell to 7.43 percent from 7.47 percent a week earlier, but that on the comparable German maturity rose to 8.82 percent from 8.79 percent.

President George Bush's offer to send Secretary of State James A. Baker III to Baghdad and invite the Iraqi foreign minister to Washington calmed bond markets, analysts said. Reports that the American Embassy in Kuwait had received food from Iraqis also helped.

As yields on long-term Treasury bonds fell more than short-term rates, it flattened the yield curve further and added to the market's positive mood, said Steven R. Ricchiuto, chief economist at Barclays de Zoete Wedd Securities Inc.

Also helping longer Treasury issues was the fourth consecutive monthly decline in the government's index of leading economic indicators, as well as a further decline in commodity prices. The Commodity Research Bureau index of 21 raw materials fell to its lowest level since Oct. 10, 1989.

Economists said they expected the Federal Reserve to lower interest rates further, if cautiously, to cushion the downturn.

The Fed chairman, Alan Greenspan, last week spoke of a "meaningful downturn" rather than a recession. But the DKB Securities Corp. chief economist Philip Braverman said distress in the nation's financial sector, tight credit conditions and signs of recession "mandate aggressive Fed easing."

Countering that view, the Merrill Lynch Capital Markets senior strategist Thomas Sowanick said market participants were "disappointed that the chairman did not use more aggressive language." Therefore, he said, "the market will very likely require weaker-than-expected economic data before it can return to the pre-invasion levels of early August." *(NYT, UPI)*

Singapore Air And Swissair Swap Shares

Agence France-Presse

SINGAPORE — Singapore Airlines announced Monday the details of a deal to swap equity stakes with Swissair.

Under the agreement, SIA is to purchase 64,000 Swissair shares, while Swissair will take four million new SIA foreign shares. The equity purchase will give Swissair a 0.62 percent stake in SIA's enlarged capital and will give a SIA 2.77 percent stake in Swissair's equity, SIA said. Plans for an equity swap were first announced by the two airlines in December last year, although the specific size of stakes was not disclosed.

The agreement allows each airline to purchase additional shares of the other from the open market, subject to a maximum of 5 percent of the other's equity.

The SIA managing director Cheong Choong Kong said the swap would cement the existing agreement between the two airlines and would lead to even greater cooperation.

The price of the shares will be determined by the respective average prices at the close of the first 10 trading days in June next year, with a 10 percent premium added.

Banks Pay Higher Rates Despite Easing by Fed

By John M. Berry
Washington Post Service

WASHINGTON — Despite recent attempts by the Federal Reserve Board to nudge down interest rates, rates paid by banks around the world for their short-term borrowing went up sharply last week, probably killing any possibility that U.S. banks will cut their 10 percent prime lending rate any time soon.

Analysts said the main problem is that major banks, many of which are saddled with bad loans and falling stock prices, are seeking to lock up all the funds they will need through the Christmas season. The banks are said to fear that if they wait until later this month to borrow large amounts, their search will be seen as a sign by investors that they are in serious financial trouble.

The result was a widening gap in recent days between the federal funds rate — the rate banks pay for overnight loans — and the rate banks paid to acquire large certificates of deposit.

Normally, these two rates track one another closely. By Friday, the CD rate had jumped to 8.75 percent, far above the 7.5 percent figure for the federal funds rate.

The prime rate, a reference rate to which most business loans and many consumer loans are tied, normally is cut when the yield on CDs fall more than 2 percentage points below prime. But last week, the gap between the prime and the CD rate, rather than expanding as the Fed might have hoped, actually narrowed to 1.25 points.

Sam Kahan, chief economist for Fuji Securities in Chicago, said the main reason for the jump in CD rates is investor worries about whether investments in big bank CDs — those worth $100,000 or more and not insured — are as safe as they used to be. And knowing that, banks are handling their year-end funding operations differently.

"The whole bank interest rate market is building in a high risk premium," Mr. Kahan said. "In July, when the Fed dropped the funds rate to 8 percent, three-month CDs were yielding 8.1 percent," Mr. Kahan said. "Now the funds rate is down to 7.5 percent and three-month CDs are at 8.5 percent.

Rumors abounded on Wall Street last week that some Japanese banks were paying annualized rates of more than 25 percent to lock up funds for the coming month, but they could not be confirmed.

Mr. Kahan said if such rates were being paid by Japanese banks, which have been hurt by this year's drop in the Japanese stock market, it may be because they are afraid they will be shut out by U.S. banks in coming months as they seek to tidy up their balance sheets before the end of the Japanese fiscal year on March 31.

U.S. Consumers Resist Pessimism

By Floyd Norris
New York Times Service

NEW YORK — The U.S. recession is on, or so almost everyone now says. But there are signs that many Americans do not believe it.

As measured by the University of Michigan, consumer confidence actually rose in November. Not, to be sure, by nearly as much as it dropped the previous month, but nonetheless it was an increase.

And the stock market was up nicely for the month, even before peace hopes on Friday propelled the Dow Jones industrial average to a weekly gain of 32.42 points, to 2,559.65.

For the month, the Dow was up 4.8 percent, and smaller stocks did much better. The Nasdaq composite rose 8.8 percent.

The mutual fund companies find it hard to believe just how much money is pouring into their stock funds.

The public's apparent optimism, or at least lack of pessimism, may reflect the fact that life looks a lot less grim on many Main Streets than it does on Wall Street.

The word from Christmas shoppers in parts of the Midwest is that the shopping malls are jammed.

A partial explanation for the good cheer is that the unemployment rate has not yet zoomed upward, and most Americans don't know people who are losing jobs.

A Conference Board survey finds that the majority of Americans still tell pollsters that jobs are available, not scarce.

Another reason for consumers to be happy, while businesses are not, is that much of the economic pain so far has been borne by corporate America, as pressures have piled up to keep them from passing on cost increases.

The Commerce Department says that inventory profits — mostly for the oil companies — sent overall corporate profits zooming in the third quarter.

But economic profits, after adjusting for inventory gains, showed a sharp 9.6 percent decline.

Tom Doerflinger, who watches corporate profits for Paine Webber Group Inc., argues that the factors depressing earnings are not likely to reverse themselves.

"The main point is that the bad news on earnings is still ahead of us, and expectations are too high," he said. "The worst is yet to come."

If this recession turns out to be mild and short, that forecast could be wrong.

Over the short run, a Middle East war, or lack of one, could have a profound impact on that prospect, and it is reasonable that Wall Street hangs on every rumor of talks or attacks.

But over a longer term, the trade talks now underway in Brussels within the General Agreement on Tarrifs and Trade may be a lot more important.

High Tax on Energy Studied by EC Body

Reuters

BRUSSELS — The EC Commission is considering a radical package of environmental taxes on energy for the post-Gulf crisis era that would add around $10 a barrel to the cost of oil over five years.

Commission sources said the plan was highly controversial within the European Community's executive body — not least because of its potential impact on industrial competitiveness — and was virtually certain to face strong resistance from many governments.

Officials have drafted proposals for taxes on nonrenewable sources of energy that would hit hardest those, such as coal and oil, which produce the most carbon dioxide when burned.

The plan, intended to form the core of Commission strategy for tackling the threat of global warming, may be discussed by the 17 commissioners at their weekly meeting on Wednesday but is unlikely to be finalized then, the officials said.

"I wouldn't have thought it stood a chance in hell of getting through without substantial changes," one official said.

The taxes are intended to stop the cost of energy falling back to levels — considered by many in the commission as unrealistically low — which prevailed before Iraq's invasion of Kuwait on Aug. 2 sent the price of oil rocketing.

The package would be phased in over five years.

Its main component would be an across-the-board energy tax but it would also include a specific tax on the carbon content of fuels, the officials said.

Peru to Plead Poverty in Debt Talks

Reuters

LIMA — Peru, in a novel approach to foreign debt talks, is striving to convince creditors it is poorer than statistics suggest and, therefore, deserves a softer touch in repaying its $19 billion debt.

President Alberto Fujimori's four-month-old government, trying to revive an economy close to collapse, has appealed for benefits under debt-relief programs reserved for the world's poorest nations.

"Statistics made the world believe that Peruvians were in a much better situation than we really were", a government economist, Augusto Blacker Miller, said in an interview published Friday.

Jorge Chavez, president of the Central Reserve Bank, will press Peru's case that it merits special terms in talks this week with the International Monetary Fund in Washington, officials said.

Blacker Miller, an adviser to Economy Minister Juan Hurtado, said Peru's problem stems from mistakes in managing the country's currency. He said that Mr. Fujimori's predecessor, Alan Garcia, kept the inti so overvalued that it made Peru's per capita gross domestic product, a key indicator of the nation's wealth, seem higher than it really was.

In fact, Mr. Hurtado said, "many Peruvians are indigent, and therefore we are trying to explain to multinational institutions and the Paris Club that we deserve special treatment," he said.

Mr. Chavez said in October he would ask the Paris Club, an informal grouping of Western government lenders, to include Peru in the so-called Toronto Terms. Under that agreement, 19 of the world's most indigent debtor nations, all in Sub-Saharan Africa, receive special help.

Since taking power at the end of July, Mr. Fujimori's government has removed subsidies on consumer goods, increased prices of basic foods and gasoline and freed the value of the inti to float freely.

Egypt at Crucial Economic Juncture

Reuters

CAIRO — Egypt must make a crucial decision about radical changes in its economy when it enters another round of talks this week with the International Monetary Fund, Western economists and bankers say.

In the four months since the Gulf crisis began, unprecedented aid has been pouring in, and for the first time in years the country has built up large foreign reserves.

Economists say that Egypt must decide whether to use the money to cushion the impact on society of painful reforms or as a bargaining chip to resist pressure to change.

The Paris Club of government creditors sweetened the pot two weeks ago by hinting it may make an unprecedented medium-term scheduling of Egyptian debt if tough economic reforms go ahead.

"It is a golden opportunity," said the manager of a Western bank in Cairo. 'They've got the entire West behind them and all the important Arabs — an enormous fund of goodwill. They have to seize the chance with both hands."

Egypt, which rallied the Arab world against President Saddam Hussein when Iraq invaded Kuwait, has had $7 billion of its debt to the United States forgiven.

On Saturday, Saudi Arabia announced it would also forgive Egypt's debt, but did not say how much money was involved.

According to Egyptian officials, total debt has fallen to $28 billion from around $50 billion before the crisis caused by Iraq's Aug. 2 invasion of Kuwait.

But other countries have insisted that Egypt sign an IMF accord before they consider any major relief.

An IMF team is due in Cairo in the next few days to discuss outstanding points on an accord that taken nearly three years to develop.

Western economists say Egypt has been dragging its feet in three years of negotiations with the IMF.

AIRLINES: *U.S. Considers More Foreign Investment*

(Continued from first finance page)

ports, and success is difficult without a computer reservation system in tow.

In the early stages of deregulation, those problems barely occurred to anyone.

"My guess is that people thought there would be more carriers around now rather than fewer," said Marvin Kosters, an expert in deregulation from the Nixon and Ford administrations, now at the American Enterprise Institute in Washington.

Robert Crandall, a former Ford administration official who worked to deregulate the industry and is now at the Brookings Institution in Washington, disagreed. He said the shakeout in the airline industry following deregulation was expected. "We thought there would be a substantial increase in concentration," Mr. Crandall said. "The biggest surprise is that it is coming so late."

But airlines without a computer reservation system have difficulty competing. More than 80 percent of airline tickets are now sold by travel agents using computerized systems — most of them on either American Airlines's Sabre system or United's Apollo.

Although the extent of the benefits from those systems has been debated, several studies have found that they provide the airlines that operate them with substantial profits and substantial other benefits.

"I am sure you can imagine the difficulty faced in any business where you are forced to use your competitor to distribute your product, as is the case with airlines," Mr. Lorenzo said in a recent speech.

Although regulators and legislators have taken steps to keep the owners of the systems from blatantly putting their competitors at a disadvantage, the same technological sophistication required to operate the systems allows their operators to devise formulas that suit their own interests over their competitors, according to some airline officials and regulators.

Still another barrier to competition cited by the General Accounting Office and others is the difficulty of breaking into a market, since most of the airports are dominated by a large carrier. "I think it was a major surprise for most people who were analysts in the industry that the hub-and-spoke system would turn out to be so important," Mr. Kosters said.

The Justice Department is looking at whether airlines are using anti-competitive practices to keep rivals out of their hubs and whether they are using predatory pricing to discipline discounters. The next few years are likely to produce a major national debate on competition in the industry.

ECONOMY: *Different Sort of Downturn in the U.S.*

(Continued from first finance page)

$41.5 billion, these shifts represent the movement of a gigantic amount of money from one corner of the economy to another, and from one set of corporations to another.

Consequently, Mr. Levy argues, the U.S. manufacturing sector simply may not experience the levels of recessionary pain this time around that it has felt in the past.

The other side of this encouraging coin, unfortunately, may be that those who work in the traditionally "recession-proof" regions of the U.S. economy — its banks and financial-service companies, its real estate firms and its department stores — are likely to suffer in this recession as never before in postwar history.

Here, too, the changing mix of the nation's economic production is significant.

As exports have grown in economic importance, spending on nondurable goods — the stuff that department store sales are made of — has shrunk as a share of GNP, as has spending on residential property.

The service-sector equivalent of a warehouse full of unsold goods is an office full of idle people, Mr. Levy points out.

"Thus, somewhat analogous to the liquidation of excessive inventories in the manufacturing industries in prior recessions," he explained, "this economic correction will involve the liquidation of excesses of human capital in these major service-producing industries."

Euromarts At a Glance

Eurobond Yields

	Nov. 28	Nov. 21
U.S. $, 8 yrs & over	9.33	9.38
U.S. $, 5 to 7 yrs	9.02	8.96
U.S. $, less than 5 yrs	8.51	8.39
Pounds sterling, less than 5 yrs	12.30	12.44
French francs, less than 5 yrs	10.44	10.48
Ital. lire, less than 5 yrs	12.77	12.76
Danish kroner, less than 5 yrs	10.58	10.51
ECU, 8 yrs & over	10.25	10.30
ECU, 5 to 7 yrs	10.15	10.11
Can. $, less than 5 yrs	11.66	11.92
Aus. $, less than 5 yrs	13.19	13.25
N.Z. $, less than 5 yrs	13.55	13.82
Yen, 5 to 7 yrs	7.84	8.10
Yen, less than 5 yrs	7.63	7.89

Source: Luxembourg Stock Exchange.

Weekly Sales — Nov. 29

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	55.50	738.80	270.00	2,307.00
Convert.	—	1.40	—	—
FRNs	32.00	260.20	296.30	195.80
ECP	3,608.90	2,011.50	7,417.50	2,904.10
Total	3,696.40	3,011.90	7,983.80	5,406.90

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	6,041.40	12,481.60	12,271.50	14,116.38
Convert.	162.30	668.20	447.00	508.20
FRNs	1,845.20	1,890.40	n.a.	7,002.68
ECP	4,211.10	2,634.70	3,025.00	4,422.90
Total	12,259.80	17,794.30	—	26,050.18

Source: Euroclear, Cedel.

Libor Rates — Nov. 30

	1-month	3-month	6-month
U.S. $	8⅛	8⅛	8¼
Deutsche mark	9 5/16	9 5/16	9⅜
Pound sterling	14 1/16	13½	12 15/16
French franc	9⅝	10 1/16	10 3/16
ECU	10⅝	10⅝	10⅝
Yen	8⅝	8 7/16	8 7/16

Sources: Lloyds Bank, Reuters.

U.S. Consumer Rates — Nov. 30

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	n.a. %
Money Market Funds	
Donoghue's 7-Day Average	7.27 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.83 %
Home Mortgage, FHLB average	9.90 %

Source : New York Times Service, UPI.

U.S. Treasury Bonds — Nov. 30

Maturity	Close Bid	Close Ask	Yield	Wk-ago yield
31.10.92	99 22/32	99 24/32	7.54	7.52
15.11.93	100 7/32	100 9/32	7.66	7.63
30.09.94	102 4/32	102 6/32	7.84	7.80
15.11.95	99 24/32	99 26/32	7.93	7.91
15.10.97	102 30/32	103 1/32	8.17	8.16
15.08.00	101 21/32	101 23/32	8.25	8.29
15.02.10	108 8/32	108 10/32	8.40	8.46
15.08.20	103 24/32	103 26/32	8.40	8.45

Source: Salomon Inc.

WALL STREET REVIEW

Figures as of close of trading Friday, November 30.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
PhilMr	94522	49⅞	47⅝	48⅝	+ ½
MCA	90253	66⅝	65	66	+ ⅝
TexUtil	84823	37⅝	35¼	37½	+1½
GenEl	77787	55⅛	52⅞	54⅝	+1⅛
GnMotr	76822	38	35⅞	36½	— ⅝
PepsiC s	74276	26	24½	25⅝	
FedNM	72734	31⅞	29½	31⅝	+1
IBM	70162	114½	111¼	113⅝	+1
Waste	64650	33⅛	31⅝	32¾	— ⅝
AmExp	61922	20⅝	19¼	20½	+ ¾
Citicorp	59178	13⅝	12⅝	12⅞	+ ¼
Boeing s	56881	44⅝	42½	44¼	— ⅞
WalMt s	56318	30¾	28¾	30⅛	+ ½
Limitd s	56155	16	13⅝	15⅝	+1⅝
BnkAm	55647	23⅞	21¼	22½	+ ⅛
Baxter	55409	28⅛	25⅝	28⅛	+2⅛
Motorla	55124	55¼	49⅛	50½	—7½
AT&T	53449	32⅝	31⅞	32⅛	
McDonl	51770	29⅝	27¼	28⅝	— ½
CocaCl s	50680	46⅝	44¼	46¼	+ ¾
EKodak	49474	43⅝	41¼	42⅝	+ ¼
Glaxo	49293	33⅛	31⅛	33	+1¼
ToyRU s	47998	24⅝	22⅝	23¼	+ ¼
FordM	47024	28	26½	27⅝	+ ½
Navistr	46651	2⅛	2	2	

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
ENSCO	38411	2½	2⅛	2⅜	
BAT In	28618	11¼	10⅝	11⅝	+ ⅛
FruitL	21070	8⅝	7⅝	8	+ ½
EchoBy	19288	8⅝	7½	8⅛	+ ⅞
ContAir	16119	3½	2¾	3⅛	— ⅛
PW Nk pwt	13811	10⅝	9¼	9⅝	+ ⅛
Amdhl	13135	14¼	13¼	13⅝	+ ¼
Dk Nk wt	11460	21½	18⅞	19¾	+ ⅜
EksNk wt	10905	10½	9	9⅞	+ ½
SNk I93wt	10057	20⅝	18	18⅞	+ ⅜
NY Tim	8117	18⅝	17⅞	18¼	+ ⅛
WangB	7665	2⅞	2¾	2⅞	
Hilhav n	7230	1⅞	1½	1¾	
Galac g	6814	1⅞	1⅝	1¼	
TubMex	5729	6¾	6⅛	6⅝	+ ⅞
SalPhb n	5559	3¾	3⅜	3⅜	— ⅛
RhnP rt	5475	11⅛	10⅝	10⅝	— ¼
PallCp	5152	34¼	32¼	33⅝	+ ½
US Bio n	5081	17¾	13⅝	17¾	+3¾
Alza	4809	45⅛	42⅝	43¾	— ⅞
OMI	4592	5⅝	4⅝	5⅝	+ ⅝
Nabors	4452	5⅝	4½	5⅝	+ ⅜
BolrPh	4355	4¼	3¼	3⅝	+ ¼
SFT 593pwt	4320	4⅛	3½	3⅝	— ¼
Hasbro	4306	15⅝	14½	15⅝	+ ⅛

NYSE Sales

	Sales Vol.
Total for week	757,890,000
Week ago	506,130,000
Year ago	802,830,000
Two years ago	662,700,000
Jan 1 to date	37,552,439,000
1989 to date	38,678,950,000
1988 to date	38,202,070,000

AMEX Sales

	Sales Vol.
Total for week	60,450,000
Week ago	37,220,000
Year ago	61,830,000
Jan 1 to date	3,091,290,000
1989 to date	2,873,480,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1271	852
Declined	634	972
Unchanged	272	332
Total Issues	2197	2156
New Highs	40	20
New Lows	118	120

AMEX Diaries

	This Wk	Last Wk
Advanced	454	340
Declined	331	403
Unchanged	206	217
Total Issues	991	960
New Highs	17	11
New Lows	95	97

INTERNATIONAL BusinessWeek

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- Cracks in The Wallenberg Fortress
- A New Kentucky Home For Toyota
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LUXOR INVESTMENT COMPANY
Société Anonyme
R.C. Luxembourg B 27.109
NOTICE OF MEETING

Notice is hereby given that the ANNUAL GENERAL MEETING of LUXOR INVESTMENT COMPANY will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on:

Wednesday 12th December, 1990 at 14 hours,

for the purpose of considering the following Agenda:

1. To receive and adopt the Management Report of the Directors for the year to 30th September, 1990.
2. To receive and adopt the Report of the Auditor for the year to 30th September, 1990.
3. To receive and adopt the Annual Accounts as at 30th September, 1990.
4. To grant discharge to the Directors and the Auditor in respect of the execution of their mandates to 30th September, 1990.
5. To receive and act on the statutory nomination for election of the Auditor for a new term of one year.
6. To appropriate the earnings.
7. To transact any other business.

The resolutions will be carried by a majority of those present or represented.

The Shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not later than twenty-four hours before the Meeting.

The present notice and a form of proxy have been sent to all shareholders on record at 24th November, 1990.

In order to attend the meeting, the owners of bearer shares are required to deposit their shares not less than five clear days before the date of the meeting at the Registered Office.

Proxy forms are available upon request at the Registered Office of the Company.

By order of the Board of Directors
J.PIERSON
General Manager

MONEYFLOW
Société d'Investissement à Capital Variable
R.C. Luxembourg Nº B 30.384
AVIS AUX ACTIONNAIRES
CONVOCATION

Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de MONEYFLOW, Société d'Investissement à Capital Variable, qui sera tenue au siège social, 10 A, Boulevard Royal, Luxembourg,

le Jeudi 13 décembre 1990 à 11 heures

et qui aura l'ordre du jour suivant:

1. Recevoir et adopter le rapport de gestion du Conseil d'Administration pour l'exercice clos au 31 octobre 1990.
2. Recevoir et adopter le rapport du Réviseur d'Entreprises pour l'exercice clos au 31 octobre 1990.
3. Recevoir et approuver les comptes annuels arrêtés au 31 octobre 1990.
4. Affectation du bénéfice de la Société.
5. Donner quitus aux Administrateurs et au Réviseur d'Entreprises pour l'accomplissement de leur mandat jusqu'au 31 octobre 1990.
6. Renouveler le mandat des administrateurs conformément aux statuts.
7. Renouveler le mandat du Réviseur d'Entreprises pour un terme d'un an devant expirer à la prochaine Assemblée Générale Ordinaire des Actionnaires.
8. Divers

La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 26 novembre 1990.

Pour avoir le droit d'assister ou de se faire représenter à cette assemblée, les propriétaires d'actions au porteur doivent avoir déposé pour le 6 décembre 1990, leurs titres, soit au siège social de la société, soit, aux guichets des établissements suivants où des formules de procuration sont disponibles:

- en Belgique: Banque Paribas Belgique S.A., World Trade Center, Boulevard Emile Jacqmain 162, 1210 Bruxelles
- au Luxembourg: Banque Paribas Luxembourg, 10A, Boulevard Royal, Luxembourg

Les propriétaires d'actions nominatives doivent dans le même délai, c'est-à-dire pour le 6 décembre 1990, informer par écrit (lettre ou procuration) le Conseil d'Administration, de leur intention d'assister à l'assemblée.

Pour le Conseil d'Administration
J.Pierson
Directeur

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, November 30.

		Sales in 100s	High	Low	Close	Net Ch'ge
A						
A&W Bd		1384	27¼	25¼	27½	+1¾
ABS	.32 5.4	34	6¼	5¾	5¾	+ ½
ACC Cp	.16 2.6	548	7½	5¾	6¼	+ ⅛
ADC		1489	23½	21	23¾	+2¾
ADT	†	11685	22¾	21	21½	— ½
AEL		182	4¾	4½	4¾	+ ¼
AEP s		70	7¾	7¼	7½	+ ¼
AST		18418	27¾	24¾	27¼	+1¼
AgrnRt	.10 1.1	46x9		8¼	8¾	+ ¼
AbingB	.08l	154	2½	1¾	2¼	
Abram	.20 6.7	23	3	3	3	+ ⅛
Acadin		10475	1	1⅛	1	
Accel	.20b 2.9	72	7¼	7	7	— ⅛
Aclaim		6712	4⅞	3¾	4⅛	— ⅛
Acelo	.28 2.7	2	11¼	10½	10½	— ¾
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(Continued on next page)

صكذا من الاصل

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Amsterdam stock prices marked time in a flat market last week. The CBS all-share index closed on Friday at 169.10, up from 168.40 a week before.

Total turnover plummeted to 5.2 billion guilders from 8.2 billion the previous week.

Frankfurt

The Frankfurt market broke a two-week winning streak by dropping by almost 3 percent last week, as potential investors adopted a "wait-and-see" attitude in light of the Gulf situation.

The DAX spot trend indicator ended the week at 1,441.23, a loss of 42.13 points, or 2.90 per cent. The Commerzbank indicator ended at 1,767.90, down 48.80 points.

Volume on the eight German exchanges totaled 22.19 billion Deutsche marks, down slightly from 22.85 billion the previous week.

The auto sector was hit hard, as Volkswagen, the victim of a warning strike, lost 27.60 DM on the week to 337.70.

Hong Kong

Share prices dropped as trading stayed in the doldrums last week, with the Hang Seng Index losing 51 points, or 1.7 percent, to close at 2,965.06.

Average daily turnover fell to 536 million Hong Kong dollars from the previous week's 735 million dollars.

The key barometer shed 20.54 points to drop below the 3,000-mark barrier — to 2,995.52 — on Monday and gained a negligible 3.42 points on Tuesday.

London

The victory Tuesday of John Major for the leadership of the ruling Conservative Party failed to bring any support for share prices on the London stock exchange.

Concerns about the state of the British economy and the possibility of war in the Gulf proved stronger than relief at the end of political uncertainty with the election of Mr. Major to be the next Prime Minister.

At the end of the week, the Financial Times 100-share index was down 21.1 points, to 2,149.4, while the FT-30 index had lost 29.4 points to finish the week at 1682.80.

Milan

The Milan market fell sharply, as the MIB index finished at 729, down 3.7 percent from the previous Friday.

Trading was light, with only 50 million shares changing hands a day on average, worth 130 billion lire.

Paris

The Bourse stuck to its wait-and-see attitude last week, as investors preferred to remain cautious in view of Gulf and economic uncertainties.

The market broke a two-week winning streak with a loss of about 2.1 percent on the week. The CAC-40 index ended at 1,605.12.

Singapore

The absence of fresh positive factors and incentives caused share prices to dip slightly over the week.

The Straits Times industrial index dropped 22.21 points to end at 1,106.59, while the SES all-share index gave up 6.24 points to close at 307.66.

Tokyo

Share prices fell last week on concern over the Gulf situation and the higher dollar.

The Nikkei Stock Average of 225 selected issues closed the week at 22,454.63 points, a fall of 945.65 points, or 4.04 percent, following a moderate 228.65-point advance the previous week.

The Tokyo Stock Price Index of all stocks on the market's first section dropped 95.07 points after rising 7.54 the preceding week.

Zurich

The Zurich market finished the week almost unchanged, while volume was low and uncertainty high.

The Swiss Performance Index ended virtually unchanged at 900.5, against 900.8 the previous Friday. The Crédit Suisse indicator finished at 464.8, up a bit from 462.3, and the Swiss Bank Corp. index at 519.4 against 518.3.

Operators said the market's somber mood should continue until the end of the year, unless there is a marked change in the Gulf situation. Some analysts say an outbreak of war in the Gulf would drive the Zurich market down by 5 to 10 percent, and others are even more pessimistic in case of hostilities.

BUSINESS BRIEFS

Unions Break Off Talks With Olivetti

MILAN (Reuters) — Labor unions broke off talks with the computer maker Olivetti & Co. over the weekend after they failed to reach an agreement over the company's plan to cut 4,000 jobs in Italy next year. They have threatened a series of strikes this week.

Union leaders took the action late Saturday after Olivetti announced earlier in the day it would place 4,000 workers in the state-subsidized layoff program known as *cassa integrazione* starting Jan. 7 if the government fails to approve the company's request for a special early-retirement plan. The unions had asked Olivetti to wait until next Tuesday's meeting with government ministers before taking any action.

Olivetti officials have said the company urgently needs to reduce its total workforce by 7,000 employees, 4,000 in Italy and others abroad.

Airbus Shares May Be Traded Soon

LONDON (Reuters) — British Aerospace PLC said Sunday that a newspaper report saying consortium partners in Airbus Industrie plan to turn the aircraft maker into a publicly traded company within a year was "close to the mark."

The Sunday Times newspaper said Daimler-Benz AG and BAe plan to turn Airbus into a formal company before it becomes a full-fledged corporation in which the European public will be able to buy shares.

The newspaper said the consortium partners had always planned to take Airbus public, but the project has been bogged down by losses and its complex financial structure. Airbus currently trades as a group of economic interest, a French corporate concept, and does not file accounts. The paper said the European Commission was keen to make *Airbus the first European company, but incorporation on a European* basis could take years.

Report Says Alcatel Eyeing Racal

LONDON (Reuters) — The French telecommunications group Alcatel NV is keenly interested in buying the bulk of Racal Electronics PLC, according to a published report.

Racal's electronics side is subject to a planned management buy-out announced as part of a major restructuring last month.

Alcatel, which is majority-owned by Compagnie Générale d'Electricité, would have to pay around £500 million ($972 million) for the electronics business, which includes data and radio communications, defense radar and marine equipment, the Sunday Times newspaper said.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, November 30.

(Continued)

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
UnNMx	.25e	2.9	168	[illegible]	[illegible]	[illegible]	
UtdNwsp	.84e	7.1	42	[illegible]	[illegible]	[illegible]	
USvBk	.44	5.5	10	8	8	8	
US Bc s	1.00	5.4	12684	[illegible]	[illegible]	[illegible]	[illegible]
US Enr			757	[illegible]	[illegible]	[illegible]	[illegible]
US Facl			183	[illegible]	[illegible]	[illegible]	[illegible]
US Gold			2521	[illegible]	[illegible]	[illegible]	[illegible]
US HHC	.36	1.4	29250	[illegible]	[illegible]	[illegible]	[illegible]
US Intc			12	[illegible]	[illegible]	[illegible]	
US Prcp			389	[illegible]	[illegible]	[illegible]	[illegible]
US Trst	1.60	5.6	471	[illegible]	[illegible]	[illegible]	[illegible]
USWNV			3894	[illegible]	[illegible]	[illegible]	[illegible]
UStotm	.40	4.5	323	[illegible]	[illegible]	[illegible]	
UnTelev			214	[illegible]	[illegible]	[illegible]	[illegible]
UtdThrm			317	[illegible]	[illegible]	[illegible]	[illegible]
UnTote			58	[illegible]	[illegible]	[illegible]	[illegible]
Unitog			3256	[illegible]	[illegible]	[illegible]	
Unitrin	.40e	1.3	5047	[illegible]	[illegible]	[illegible]	[illegible]
Unitrnx			663	[illegible]	[illegible]	[illegible]	[illegible]
UnvHlt			304	[illegible]	[illegible]	[illegible]	
UnvHld			1360	[illegible]	[illegible]	[illegible]	[illegible]
UnHd wt93			180	[illegible]			
UnvInt			300	[illegible]	[illegible]	[illegible]	
UnvNtl	.75e	2.9	16	[illegible]	[illegible]	[illegible]	[illegible]
UPenEn	2.22	7.9	9	[illegible]	[illegible]	[illegible]	[illegible]
UranR s			143	[illegible]	[illegible]	[illegible]	[illegible]
Urcorc s			17528	[illegible]	[illegible]	[illegible]	[illegible]
USBPa	.15e	1.2	2974	[illegible]	[illegible]	[illegible]	[illegible]
US Bc pf	2.12	10.7	9	[illegible]	[illegible]	[illegible]	[illegible]
UtahMd			1539	[illegible]	[illegible]	[illegible]	[illegible]
V							
V Band			379	[illegible]	[illegible]	[illegible]	
VLSI			11897	[illegible]	[illegible]	[illegible]	[illegible]
VMS	.20I		97	[illegible]	[illegible]	[illegible]	[illegible]
VMS II	.18I		237	[illegible]	[illegible]	[illegible]	[illegible]
VMS III	.22I		359	[illegible]	[illegible]	[illegible]	[illegible]
VMS SL	.31e	8.3	746	[illegible]	[illegible]	[illegible]	[illegible]
VMS SL2	.30I		235	[illegible]	[illegible]		
VMX			1092	[illegible]	[illegible]	[illegible]	[illegible]
VSB Bc	.32	9.8	408	[illegible]	[illegible]	[illegible]	[illegible]
VSE	.28	3.4	5	[illegible]	8	[illegible]	[illegible]
VWR	.28	5.6	62	[illegible]	[illegible]	[illegible]	+1
Valcom			2	[illegible]	11	[illegible]	−1
ValidLg			9722	[illegible]	1	[illegible]	[illegible]
Vallen s			1085	[illegible]	25	[illegible]	[illegible]
ValyBc	1.12	6.2	8324	[illegible]	[illegible]	18	[illegible]
VlyCap	.80	5.0	949	[illegible]	[illegible]	16	[illegible]
ValFSL h			702	[illegible]	[illegible]	[illegible]	[illegible]
VlyBcp	1.36	8.2	159	[illegible]	[illegible]	[illegible]	[illegible]
ValNtl			12493	[illegible]	[illegible]	[illegible]	[illegible]
ValliCor			62	[illegible]	[illegible]	[illegible]	[illegible]
Valmnt s	.26	2.3	441	[illegible]	10	[illegible]	+1
ValLn	.60	3.6	1206	[illegible]	[illegible]	[illegible]	
ValMer			312	7	[illegible]	[illegible]	
VanFed			614	[illegible]	[illegible]	[illegible]	[illegible]
VerdCl s			5019	[illegible]	18	[illegible]	+1
VREF I	.48e	9.4	87	[illegible]	[illegible]	[illegible]	[illegible]
VREF II			167	[illegible]	[illegible]	[illegible]	[illegible]
VariCre	.04	1.8	143	[illegible]	[illegible]	[illegible]	[illegible]
Varlitn			208	6	[illegible]	[illegible]	[illegible]
Varlen	.60	5.2	253	[illegible]	11	[illegible]	
VeloBd			1737	[illegible]	[illegible]	[illegible]	[illegible]
Vencor			3221	[illegible]	[illegible]	[illegible]	[illegible]
Ventrex			7295	[illegible]	[illegible]	[illegible]	[illegible]
VenCty		†	185	6	[illegible]	[illegible]	
Venturn			43	[illegible]	[illegible]	[illegible]	[illegible]
Verline			3465	9	[illegible]	9	[illegible]
VtFin	1.00	12.5	493	[illegible]	[illegible]	8	[illegible]
Verso	.24	2.4	158	[illegible]	[illegible]	10	[illegible]
VertexC			616	[illegible]	[illegible]	[illegible]	[illegible]
Vestar			150	[illegible]	[illegible]	[illegible]	[illegible]
Vicor			653	13	12	[illegible]	
Vicorp			4809	[illegible]	[illegible]	[illegible]	[illegible]
VictBn			576	[illegible]	[illegible]	[illegible]	[illegible]
VictCr			124	[illegible]	[illegible]	[illegible]	[illegible]
VidDsp			15	[illegible]	[illegible]	[illegible]	
Videcrt			15992	[illegible]	[illegible]	2	[illegible]
Vidmrk			613	[illegible]	[illegible]	[illegible]	[illegible]
Vie deFr			352	[illegible]	[illegible]	[illegible]	[illegible]
Viking			165	10	[illegible]	10	[illegible]
VillFinl			453	[illegible]	[illegible]	[illegible]	
VliSpM	.15	1.7	27	10	[illegible]	[illegible]	[illegible]
Viratek			267	[illegible]	3	[illegible]	[illegible]
VaBch	.16	7.3	435	[illegible]	[illegible]	[illegible]	[illegible]
VisioOr			885	[illegible]	[illegible]		[illegible]
VitalSgn			322	[illegible]	[illegible]	[illegible]	[illegible]
Vitalnk			5460	9	[illegible]	[illegible]	[illegible]
Vivigen			810	13	[illegible]	13	+2
VoltInf			17	[illegible]	[illegible]	[illegible]	[illegible]
Volvo	2.14e	5.7	3013	[illegible]	[illegible]	[illegible]	[illegible]
W							
WD 40	1.72a	6.4	436	[illegible]	[illegible]	27	[illegible]
WLR Fd	.32	2.2	54	[illegible]	[illegible]	[illegible]	[illegible]
WPP Gp	1.11e	23.4	7334	[illegible]	[illegible]	[illegible]	[illegible]
WSMP			12	[illegible]	[illegible]	[illegible]	
WTD			2901	[illegible]	[illegible]	[illegible]	
WalnBk			1608	[illegible]	[illegible]	[illegible]	[illegible]
Walbro	.40	3.8	62	[illegible]	[illegible]	[illegible]	−1
Walshr	.20	2.5	73	8	[illegible]	8	[illegible]
WallCp	.48	12.8	737	[illegible]	4	4	[illegible]
WrhseC			149	[illegible]	[illegible]	[illegible]	[illegible]
Warntc s			1298	3	[illegible]	[illegible]	[illegible]
Warren			406	[illegible]	1	[illegible]	[illegible]
WshBcp	.071		137	[illegible]	[illegible]	[illegible]	
WashEn	1.36	6.8	1223	[illegible]	[illegible]	[illegible]	[illegible]
WFSL s	.96	4.1	1332	24	[illegible]	[illegible]	[illegible]
WshFOr	.30	3.2	117	[illegible]	[illegible]	[illegible]	[illegible]
WshFDC			222	[illegible]	1	[illegible]	[illegible]
WMSB	.44	3.6	2924	[illegible]	[illegible]	[illegible]	[illegible]
WMSB pf	3.75	11.5	526	[illegible]	[illegible]	[illegible]	[illegible]
WshScl	.20	5.9	425	[illegible]	[illegible]	[illegible]	[illegible]
Watrdw	.12a	3.7	183	[illegible]	[illegible]	[illegible]	[illegible]
Watrhse	.15e	4.0	344	[illegible]	[illegible]	[illegible]	[illegible]
Watrln	.12e	4.8	27	[illegible]	[illegible]	[illegible]	
Wattsind	.20	.6	531	[illegible]	33	34	+1
WausP	.69b	1.8	232	[illegible]	34	[illegible]	[illegible]
Waver	.40	2.4	24	[illegible]	[illegible]	[illegible]	[illegible]
Wavetk			2763	[illegible]	2	[illegible]	[illegible]
WbstFn	.52	10.4	26	[illegible]	5	5	
Wepenr			288	[illegible]	[illegible]	[illegible]	[illegible]
WeloTr	.40	3.1	25	13	[illegible]	13	
Weltek			3043	[illegible]	[illegible]	[illegible]	[illegible]
Wellgtn	.20	4.0	33	[illegible]	[illegible]	5	[illegible]
Werner	.12	1.0	2246	[illegible]	[illegible]	[illegible]	[illegible]
Wesbnc	1.30	5.0	37	27	26	26	
WstCst			336	2	[illegible]	2	[illegible]
WNewtn	.16	6.4	19	[illegible]	2	[illegible]	[illegible]
WstOne s	.88	4.3	1439	[illegible]	[illegible]	[illegible]	[illegible]
Wstcol			516	[illegible]	[illegible]	[illegible]	[illegible]
Wstrbke			66		[illegible]		
WstCop			3117	[illegible]	[illegible]	2	[illegible]
WnFncl			41	1	[illegible]	[illegible]	
WFdPR	.80a	5.8	7	[illegible]	[illegible]	[illegible]	
WnWst s			2155	[illegible]	17	18	[illegible]
WMicTc			20	[illegible]	[illegible]	[illegible]	[illegible]
WstnPb			1742	[illegible]	[illegible]	[illegible]	[illegible]
Wstmrk			2015	26	[illegible]	[illegible]	[illegible]
WmorC	.32a	1.6	1807	[illegible]	[illegible]	[illegible]	[illegible]
Weston			365	[illegible]	[illegible]	[illegible]	[illegible]
WstpBc			196	[illegible]	[illegible]	[illegible]	[illegible]
WstwOn			4950	[illegible]	2	[illegible]	[illegible]
Wstwo wt			3	[illegible]	[illegible]		
WetSeal			4478	[illegible]	[illegible]	[illegible]	+1
Wettra	.44	2.1	2450	[illegible]	[illegible]	[illegible]	[illegible]
WetrPr	.68e	4.4	17	[illegible]	[illegible]	[illegible]	[illegible]
Weyco s	.60	2.2	5788	27	[illegible]	[illegible]	[illegible]
Wharf			151	[illegible]	[illegible]	[illegible]	[illegible]
Whictob			5922	[illegible]	20	[illegible]	[illegible]
Wicat			1615	[illegible]	[illegible]	[illegible]	[illegible]
Wiland			794	[illegible]	[illegible]	[illegible]	[illegible]
WilyJ A	1.10	4.2	225	27	[illegible]	26	[illegible]
Willamt	1.60b	4.2	1287	[illegible]	[illegible]	[illegible]	+1
WillW	.68	4.5	35	[illegible]	[illegible]	[illegible]	[illegible]
Wilmi			264	[illegible]	[illegible]	[illegible]	[illegible]
WmSon s			6083	[illegible]	[illegible]	[illegible]	+1
WlmTr	1.44	4.1	690	37	[illegible]	[illegible]	[illegible]
WlsSGs	1.20b	3.8	14	34	32	32	−3
WiserO	.40a	2.5	1551	[illegible]	[illegible]	[illegible]	
WolfFn			575	6	[illegible]	6	[illegible]
Wolohn	.28b	2.1	78	[illegible]	[illegible]	[illegible]	[illegible]
WlvExp			4972	[illegible]	[illegible]	[illegible]	[illegible]
WlvEx pf			736	[illegible]	13	14	[illegible]
Wolv wt			653	[illegible]	[illegible]	[illegible]	[illegible]
Woodhd	.68	4.7	55	[illegible]	14	[illegible]	
Wordst			1783	[illegible]	1	[illegible]	[illegible]
WrkCap	.17e	1.8	222	[illegible]	[illegible]	[illegible]	[illegible]
Wkmen			881	[illegible]	[illegible]	[illegible]	[illegible]
Worthg	.48	2.9	6908	[illegible]	[illegible]	[illegible]	[illegible]
Wyman	.80	11.9	3634	[illegible]	[illegible]	[illegible]	[illegible]
WyomNt	.12I		9	[illegible]	18	18	[illegible]
X							
XL Dta			525	8	[illegible]	[illegible]	[illegible]
XOMA			10436	19	14	[illegible]	[illegible]
XaRite	.12	1.2	64	[illegible]	[illegible]	[illegible]	[illegible]
Xicor			4505	[illegible]	[illegible]	[illegible]	[illegible]
Xilinx			5785	[illegible]	[illegible]	[illegible]	[illegible]
Xplor	.07e	1.0	2545	[illegible]	[illegible]	[illegible]	[illegible]
Xscribe			121				
Xylogic			323	[illegible]	[illegible]	[illegible]	[illegible]
Xyvsn			116	[illegible]	[illegible]	[illegible]	[illegible]
Y							
YonEnS	1.52	7.5	559	[illegible]	20	[illegible]	−1
YelowF	.94	3.9	4766	[illegible]	[illegible]	[illegible]	[illegible]
YesClth			907	[illegible]	2	[illegible]	[illegible]
YorkFn	.48b	7.4	51	[illegible]	[illegible]	[illegible]	[illegible]
YorkRs			1368	[illegible]	[illegible]	[illegible]	[illegible]
Z							
Z Sevn	.49e	4.4	210	[illegible]	11	[illegible]	[illegible]
Zeos			403	[illegible]	[illegible]	[illegible]	[illegible]
Zeus			133	[illegible]	[illegible]	[illegible]	[illegible]
Ziegler	.52e	4.5	41	[illegible]	10	[illegible]	[illegible]
ZionBc	1.44	4.9	297	[illegible]	[illegible]	[illegible]	[illegible]
Zitel			392	[illegible]	[illegible]	[illegible]	[illegible]
Zycad			932	[illegible]	[illegible]	[illegible]	[illegible]
Zygo			46	5	[illegible]	[illegible]	

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, November 30.

Option & price		Calls Dec	Calls Jan	Puts Dec	Puts Jan
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 496,420

Open interest 4,331,488 r—Not traded. s—None offered. o—Old.

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, November 30.

Option & price		Calls Dec	Calls Jan	Puts Dec	Puts Jan
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 143,944

Open interest 2,273,422 r—Not traded. s—None offered. o—Old.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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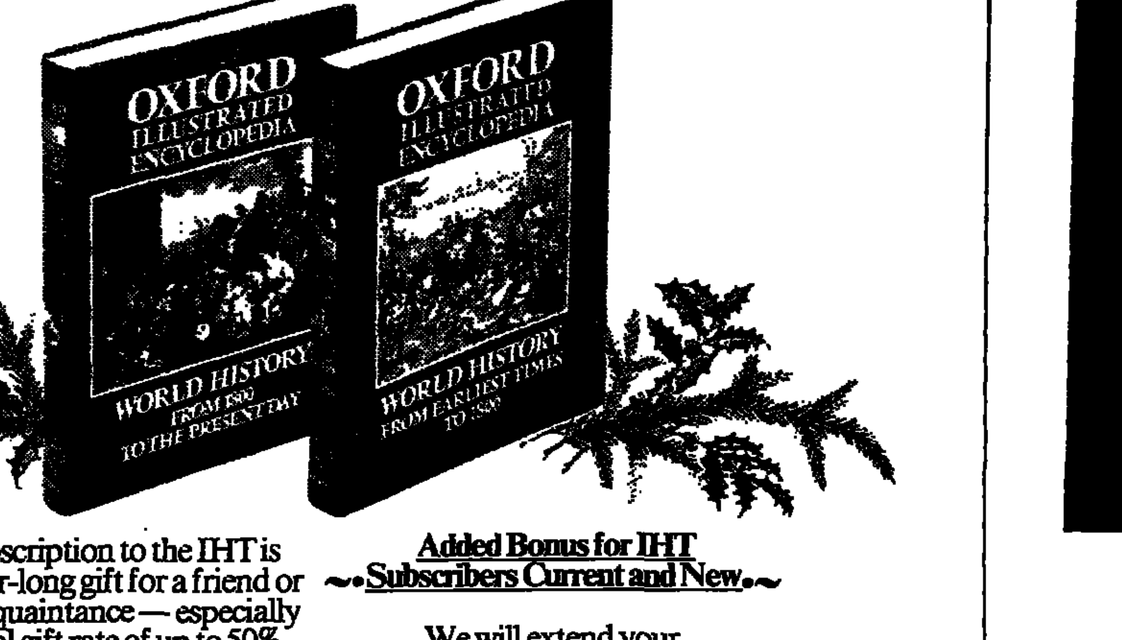

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MONDAY SPORTS

U.S. Wins the Cup, Easy as 1, 2, 3

Compiled by Our Staff From Dispatches

ST. PETERSBURG, Florida — A U.S. victory over Australia in doubles guaranteed the United States its first Davis Cup tennis title in eight years, and when it was over, the team captain, Tom Gorman, said he wanted to "roll around in the clay all day."

Doubles specialists Rick Leach and Jim Pugh, defeated Pat Cash and John Fitzgerald, 6-4, 6-2, 3-6, 7-6 (7-2), on Saturday and that gave the United States an insurmountable 3-0 lead after singles victories on Friday by Andre Agassi, who struggled to defeat Richard Fromberg, 4-6, 6-2, 4-6, 6-2, 6-4, and Michael Chang, who trounced Darren Cahill, 6-2, 7-6 (7-4), 6-0.

The doubles victory, before a crowd of 18,000 on the red clay court inside the Suncoast Dome, made Sunday's two remaining singles matches meaningless. Those matches became best-of-three sets instead of best-of-five.

The outcome was a particularly sweet for Pugh and Leach who, like many doubles players, have spent most of their careers in relative obscurity.

"Just to be named on the Davis Cup team was such a thrill for us," Pugh said. "To end it with a win is indescribable. For us to clinch it here in America, nothing could make us happier."

This is the 29th time the United States has won the trophy, first awarded in 1900. Australia, which has won 26 times, last did so in 1986. The United States last competed in a final in 1984, losing to Sweden, and last won the silver cup in 1982, defeating France.

Although the United States came into the match strongly favored, both teams agreed that doubles was where the Australians had their best chance for an upset. But it was not to be.

"Their players were too good," said the Australian captain, Neale Fraser.

"There are a lot of classy guys on that team," Pugh said. "It's a bad feeling to lose, but I think they felt like they gave it their best.

"They were very classy at the end of the match. Fitzgerald said, 'Well done, you deserved to win.'"

Cash said an inability to convert break points hurt the Australians.

"We had more break points than they did, but they played well when it counted," he said. "We played well to get there, but they played well to get out of it."

Cash, a member of Australia's Davis Cup championship teams of 1983 and 1986, was disappointed about not playing singles, but said he was ready for the doubles despite playing on clay, his least favorite surface.

"We'll be back," Cash promised. "I'd like to see the Americans come down and play us on grass next year."

He added: "They were good winners. It's a lot worse when you lose to bad winners."

Buoyed by Leach's strong serving, the Americans were in command in the first two sets. Their only service break of the first set came in the first game, when Cash netted two volleys in losing his serve. They broke Fitzgerald to start the second set and Cash in the seventh game when he double faulted twice.

In the third set, Cash elevated his play and the Aussies got their first service break when Pugh served at 3-4. In all, Cash and Fitzgerald converted only two of 15 break points in the match.

Australia went ahead, 2-0, and had numerous opportunities to win the fourth set, but Fitzgerald missed on a series of volleys, and Pugh came up with two sizzling service returns to break back for a 5-5 tie, heading the teams to a tiebreaker.

With the Americans two points away from winning the match, Leach hit a booming serve that ticked the line for an ace. Another strong serve then set up his match-winning volley.

Jeff Frasko/Agence France-Presse

For Rick Leach, left, and Jim Pugh it was a big W — as in winner — when they gave the U.S. the cup.

Agassi, weakened by flu, dropped two of the first three sets Friday, then relied on powerful groundstrokes and capitalized on Fromberg's erratic first serve. He broke Fromberg three times in the fifth set to go up, 5-2. Fromberg got eight consecutive points to close to 5-4, but Agassi clinched the 3½-hour match with an overhand and a forehand winner down the line.

Chang, whose rally from a 0-2 deficit against Horst Skoff of Austria two months ago put the United States into the finals, frustrated Cahill with a dazzling array of passing shots. Cahill was successful on just 26 of 53 approaches to the net through the first two sets, while Chang came in 17 times and won seven points at the net.

After breezing through the opening set, Chang trailed 5-6 in the second set before forcing a tie-breaker. Two backhand passing shots down the line past a flat-footed Cahill put Chang up two sets.

Cahill appeared dispirited in the third set as Chang became the aggressor and even took the net away instead of patrolling from his usual spot along the baseline. Chang ended the match with a crosscourt, two-handed backhand winner.

(WP, NYT, Reuters, UPI)

Agassi to Play

The Associated Press

ST. PETERSBURG, Florida — Andre Agassi, facing a suspension for pulling out of the Grand Slam Cup next month in Munich, has reversed his decision and will play in the $6 million tournament.

The International Tennis Federation, upset that Agassi was reneging on a commitment to play, had threatened to suspend him from one or more Grand Slam tournaments next year. Agassi said any money he won in Munich would be donated to charity.

SCOREBOARD

BASKETBALL

Major College Scores

FRIDAY'S RESULTS

St. John's 66, Niagara 49
Ala.-Birmingham 71, Auburn 65
Florida 85, Florida St. 68
Georgia 70, Armstrong St. 54
LSU 101, Texas 87
Miss. Valley St. 80, N. Carolina A&T 74
Mississippi St. 76, Tn.-Chattanooga 70
New Orleans 60, Virginia 55
Southern Miss. 84, Alabama 82
VMI 69, Liberty 61

TOURNAMENTS

Apple Invitational
First Round
George Washington 81, Stanford 70
Vanderbilt 74, Hawaii 70

Baltimore Beltway Classic
First Round
Loyola, Md. 72, Mount St. Mary's, Md. 60
Towson St. 83, Md.-Baltimore County 75

Boilermaker Invitational
First Round
Indiana St. 86, Loyola, Ill. 80
Purdue 78, East Carolina 49

Boston College Basketball Classic
First Round
Arkansas St. 86, Wagner 72
Boston College 82, Drexel 62

Cardinal Varsity Club Classic
First Round
Ball St. 85, Campbell 55
NE Louisiana 98, U.S. International 72

Dr. Pepper Invitational
First Round
Baylor 77, NW Louisiana 60
Penn St. 88, Delaware St. 70

Freedom Bowl Classic
First Round
Bradley 99, Loyola Marymount 97
UC Irvine 96, Idaho St. 82

Gator Bowl Tournament
First Round
Colorado St. 91, Cleveland St. 88
Jacksonville 54, Navy 82

Hatter Classic
First Round
Hofstra 64, Stetson 62
Mississippi 80, Bethune-Cookman 56

Hawkeye Classic
First Round
Creighton 93, Texas-San Antonio 47
Iowa 80, Colgate 59

Hawks Unlimited Tournament
First Round
Hartford 78, Long Island U. 69
Holy Cross 73, Columbia 69

KLYT Classic
First Round
Montana 84, SW Texas St. 74
St. Peter's 72, Gonzaga 56

Louisiana Classics Tip-Off
First Round
Grambling St. 115, Centenary 107
SW Louisiana 128, Nicholls St. 78

Marshall Memorial Classic
First Round
Marshall 92, Mercer 64
Robert Morris 105, Texas A&M 86

Tournament of Champions
First Round
Houston 87, Iowa St. 72
South Carolina 76, North Carolina 74

SATURDAY'S RESULTS

EAST
American U. 82, Lehigh 69
Brown 77, Lafayette 74, OT
Bucknell 72, Yale 63
Fairfield 91, Marist 69
Fairleigh Dickinson 66, Maine 63
Georgetown 65, S. Indiana 45
Iona 64, Fordham 62
La Salle 84, Penn 80
Massachusetts 83, St. Joseph's 60
Pittsburgh 91, St. Francis, Pa. 85
Providence 103, New Hampshire 70
Rhode Island 76, Northeastern 70
Rider 82, Ohio U. 64
Rutgers 71, St. Bonaventure 46
Seton Hall 106, New Hampshire Coll. 69
Syracuse 86, Cornell 61
Vermont 88, Harvard 74
West Virginia 90, Maryland 85
Xavier, Ohio 62, Canisius 59

SOUTH
Appalachian St. 81, N.C.-Wilmington 72
Cent. Florida 89, Baptist Coll. 76
Coll. of Charleston 72, Citadel 65
Davidson 86, Erskine 82
Duke 111, N.C. Charlotte 94
E. Kentucky 121, Wilberforce 48
E. Tennessee St. 103, Austin Peay 86
Jackson St. 94, W. Illinois 73
Memphis St. 104, Prairie View 79
Middle Tenn. 88, Georgia Southern 77
Miss. Valley St. 95, Albany, Ga. 86
Mississippi Col. 90, Alcorn St. 64
Murray St. 97, W. Kentucky 91
N. Carolina A&T 47, N.C. Central 43
N. Carolina St. 119, W. Carolina 84
N.C.-Asheville 89, Milligan 76
Old Dominion 95, Md.-E. Shore 70
Radford 93, Cent. Connecticut St. 78
Richmond 73, Georgia Tech 71
South Alabama 74, McNeese St. 54
Va. Commonwealth 83, Augusta 63
Virginia 93, Winthrop 47
Virginia Tech 66, William & Mary 64
Wake Forest 81, Tulane 79

MIDWEST
Akron 86, NE Illinois 72
Bowling Green 98, Michigan St. 85
Cent. Michigan 75, Detroit 68
Colorado 78, SW Missouri St. 60
Dayton 77, Morehead St. 75
Evansville 77, Valparaiso 51
Ill.-Chicago 70, W. Michigan 62
Illinois 106, E. Illinois 87
Indiana 72, Louisville 52
Kansas 108, Marquette 71
Kent St. 71, Air Force 55
Kentucky 98, Notre Dame 90
Miami, Ohio 72, Cincinnati 64
Michigan 81, Utah 65
Minnesota 65, N. Illinois 37
Missouri 65, Oregon 58
Mo.-Kansas City 86, Texas-Pan American 82
N. Iowa 76, Nevada 75, OT
Northwestern 84, Fla. International 79
Ohio St. 112, Youngstown St. 67
S. Illinois 108, St. Louis 69
Toledo 96, St. Mary's, Mich. 83
Wis.-Green Bay 67, Boise St. 59
Wright St. 88, Tennessee St. 86

SOUTHWEST
Arkansas 112, Kansas St. 88
Louisiana Tech 68, Ark.-Little Rock 54
North Texas 77, Weber St. 64
Oklahoma 162, Angelo St. 99
Oklahoma St. 75, Tulsa 73
Rice 78, Samford 51
Texas Christian 92, Brooklyn Col. 55
Texas Southern 87, Montana St. 75
Texas Tech 66, New Mexico 55
Texas-Arlington 113, SE Louisiana 85
Wisconsin 65, Southern Meth. 49

FAR WEST
Arizona 95, Long Beach St. 68
Brigham Young 63, Utah St. 58
California 86, San Francisco 63
DePaul 85, Pepperdine 64
Drake 94, Arizona St. 93
Fresno St. 87, S. Utah 77
Fullerton St. 79, Butler 76
Idaho 67, Washington St. 60
New Mexico St. 74, Coppin St. 66
Northridge St. 109, N. Arizona 90
Pacific U. 61, St. Mary's, Cal. 58
San Diego 98, San Jose St. 81
Santa Clara 84, San Francisco St. 74
Southern Cal 92, Miami, Fla. 71
UNLV 109, Ala.-Birmingham 68
Wyoming 86, Metro St. 75

TOURNAMENTS

Apple Invitational
Vanderbilt 76, George Washington 74
Third Place
Stanford 84, Hawaii 55

Baltimore Beltway Classic
Towson St. 62, Loyola, Md. 60
Third Place
Mount St. Mary's, Md. 97, Md.-Baltimore 81

Boilermaker Invitational
Purdue 77, Indiana St. 56
Third Place
East Carolina 79, Loyola, Ill. 58

Boston College Basketball Classic
Boston College 76, Arkansas St. 57
Third Place
Drexel 88, Wagner 79

Cardinal Varsity Club Classic
Ball St. 75, NE Louisiana 60
Third Place
U.S. International 72, Campbell 67

Dr. Pepper Invitational
Baylor 72, Penn St. 70
Third Place
Delaware St. 102, NW Louisiana 90

Freedom Bowl Classic
UC Irvine 94, Bradley 85
Third Place
Loyola Marymount 114, Idaho St. 110

Gator Bowl Tournament
Colorado St. 59, Jacksonville 56
Third Place
Cleveland St. 106, Navy 98

Hatter Classic
Stetson 63, Bethune-Cookman 60
Third Place
Hofstra 78, Mississippi 73

Hawkeye Classic
Iowa 83, Creighton 78
Third Place
Texas-San Antonio 99, Colgate 59

Hawks Unlimited Tournament
Hartford 57, Holy Cross 55
Third Place
Long Island U. 71, Columbia 69

KLYT Classic
St. Peter's 70, Montana 54
Third Place
Gonzaga 77, SW Texas St. 65

Louisiana Classics Tip-Off
SW Louisiana 128, Grambling St. 105
Third Place
Centenary 90, Nicholls St. 89

Marshall Memorial Classic
Marshall 93, Robert Morris 98, OT
Third Place
Texas A&M 72, Mercer 65

Tournament of Champions
South Carolina 74, Houston 70, OT
Third Place
North Carolina 118, Iowa St. 93

EUROPEAN CHAMPIONSHIP
Semifinal round, second leg

Group A
Greece 83, Romania 80
Bulgaria 83, Sweden 67

Group B
Belgium 85, Netherlands 81
Poland 91, Italy 81

Group C
Spain 79, Germany 78
Yugoslavia 86, England 68

Group D
Israel 79, Soviet Union 74
France 115, Czechoslovakia 106

NBA Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct	GB
Boston	12	3	.800	—
Philadelphia	11	6	.647	2
New York	7	8	.467	5
New Jersey	6	10	.375	6½
Miami	5	10	.333	7
Washington	5	10	.333	7
Central Division				
Detroit	13	3	.813	—
Milwaukee	11	4	.733	1½
Chicago	10	6	.625	3
Cleveland	9	8	.529	4½
Charlotte	8	8	.500	5
Indiana	5	10	.333	7½
Atlanta	4	10	.286	8

WESTERN CONFERENCE

Midwest Division	W	L	Pct	GB
San Antonio	9	4	.692	—
Utah	8	6	.571	1½
Houston	9	7	.563	1½
Dallas	6	7	.462	3
Minnesota	5	10	.333	5
Denver	3	12	.200	7
Orlando	3	13	.188	7½
Pacific Division				
Portland	13	1	.929	—
Golden State	11	6	.647	3½
L.A. Lakers	8	5	.615	4½
Phoenix	8	5	.615	4½
L.A. Clippers	7	8	.467	6½
Seattle	4	8	.333	8
Sacramento	1	13	.071	12

FRIDAY'S RESULTS

Cleveland 31 28 25 17—101
Atlanta 35 30 11 17— 93
Dougherty 12-18 6-8 30, Nance 9-14 4-5 22; Wilkins 10-23 5-5 25, Rivers 8-15 0-0 16. Rebounds: Cleveland 50 (Nance, Dougherty 13), Atlanta 55 (Wilkins 11). Assists: Cleveland 28 (Price 7), Atlanta 26 (Webb 7).

Washington 22 21 32 20— 95
Boston 18 34 34 37—123
King 9-23 4-5 22, Grant 8-14 5-5 21; Bird 8-20 2-2 21, Brown 8-9 2-2 18, McHale 8-13 2-2 18. Rebounds: Washington 58 (Walker 12), Boston 64 (Parish 15). Assists: Washington 26 (Workman 6), Boston 27 (Brown 6).

Golden State 33 27 30 29—119
Orlando 32 27 32 22—113
Mullin 11-15 6-7 28, Marciulionis 8-15 3-4 19; Scott 8-19 2-2 24, Skiles 8-18 2-2 19. Rebounds: Golden State 58 (Talbert 11), Orlando 61 (Smith 11). Assists: Golden State 32 (Hardaway 18), Orlando 26 (Skiles 10).

Philadelphia 29 27 15 23—94
Detroit 13 28 24 31—96
Barkley 9-15 3-5 22, Hawkins 7-18 5-5 20; Dumars 10-18 4-7 24, Edwards 8-18 2-2 18. Rebounds: Philadelphia 45 (Mahorn, Gminski 8), Detroit 51 (Laimbeer 11). Assists: Philadelphia 21 (Green 6), Detroit 22 (Johnson 8).

Indiana 24 26 22 23— 95
Chicago 41 27 32 24—124
Fleming 6-12 2-2 14, Smits 6-11 1-2 13; Jordan 15-19 7-9 37, Pippen 7-10 5-6 19. Rebounds: Indiana 36 (Thompson, K.Williams 6), Chicago 52 (Grant 9). Assists: Indiana 30 (Fleming 8), Chicago 38 (Pippen 15).

New York 18 28 29 22— 97
Milwaukee 26 33 20 24—103
Oakley 6-18 7-7 19, Vandeweghe 8-12 0-0 16, Tucker 7-11 0-0 16; Humphries 9-14 2-2 20, Robertson 7-14 3-4 17. Rebounds: New York 46 (Oakley 15), Milwaukee 42 (Robertson 10). Assists: New York 25 (Cheeks 8), Milwaukee 30 (Robertson 15).

Minnesota 22 18 18 21—79
Utah 18 23 34 21—96
Richardson 10-19 0-2 22, Campbell 8-23 3-5 19; J.Malone 8-17 3-3 19, K.Malone 6-17 4-4 16. Rebounds: Minnesota 57 (Campbell 13), Utah 50 (K.Malone 13). Assists: Minnesota 19 (Richardson 10), Utah 30 (Stockton 15).

SATURDAY'S RESULTS

Chicago 37 28 27 28—120
Cleveland 20 23 18 24— 85
Jordan 13-18 5-6 32, Pippen 8-13 1-2 17; Dougherty 4-12 8-9 16, Ferry 6-11 2-2 14, Nance 7-13 0-0 14. Rebounds: Chicago 53 (Cartwright 9), Cleveland 49 (Dougherty 10). Assists: Chicago 33 (Pippen 13), Cleveland 24 (Morton, Kerr 6).

Golden State 41 33 26 37—137
Miami 30 35 19 27—111
Mullin 11-11 5-5 28, Marciulionis 5-7 13-16 23; Rice 11-19 3-4 25, Seikaly 9-13 3-6 21. Rebounds: Golden State 52 (Lister 9), Miami 52 (Long 11). Assists: Golden State 25 (Hardaway 9), Miami 26 (Douglas 7).

Orlando 21 16 27 28— 92
New Jersey 27 27 28 29—111
Skiles 11-20 4-6 27, Anderson 8-12 0-0 18; Theus 8-17 3-4 20, Coleman 8-15 2-4 18. Rebounds: Orlando 58 (Skiles, Anderson 9), New Jersey 58 (Coleman 14). Assists: Orlando 9 (Smith 3), New Jersey 25 (Theus 8).

Charlotte 28 17 23 28— 96
New York 20 32 28 33—113
Chapman 6-15 3-6 20, Gilliam 6-13 7-8 19, Newman 6-16 7-8 19; Ewing 22-31 6-6 50, G.Wilkins 8-13 4-4 20. Rebounds: Charlotte 34 (Reid, Chapman, Gattison 5), New York 48 (Oakley 15, Ewing 15). Assists: Charlotte 24 (Bogues 10), New York 37 (Jackson 14).

Boston 28 28 35 27—118
Philadelphia 29 29 29 29—116
McHale 13-22 3-4 29, Parish 9-16 4-4 22; Barkley 16-23 4-6 37, Hawkins 7-12 10-11 24. Rebounds: Boston 50 (Parish 15), Philadelphia 52 (Barkley 13). Assists: Boston 25 (Bird 9), Philadelphia 32 (Barkley, Green 8).

Detroit 16 22 20 25—83
Washington 24 24 30 16—94
Dumars 6-15 4-4 16, Thomas 5-12 6-8 16; King 9-18 8-13 26, Grant 8-13 3-5 19. Rebounds: Detroit 61 (Laimbeer 13), Washington 57 (Jones 9). Assists: Detroit 16 (Johnson 5), Washington 22 (Workman 8).

Dallas 14 23 22 38— 97
San Antonio 34 25 28 22—109
Harper 9-17 0-3 18, English 8-15 0-0 16; Robinson 9-15 5-5 23, Cummings 8-17 1-2 17. Rebounds: Dallas 47 (McCray, Shasky 7), San Antonio 58 (Cummings 13). Assists: Dallas 25 (Davis, McCray 5), San Antonio 33 (Strickland 15).

Sacramento 22 23 18 30— 93
Houston 23 29 25 40—117
Mays 10-19 1-2 23, Tisdale 8-15 7-7 23; K.Smith 6-13 10-13 22, Floyd 8-13 2-2 20. Rebounds: Sacramento 52 (Simmons 15), Houston 40 (Olajuwon 13). Assists: Sacramento 22 (L.Wood 5), Houston 23 (K.Smith 9).

L.A. Lakers 30 27 28 23—108
Phoenix 35 27 13 23— 98
Scott 13-15 4-5 32, E. Johnson 11-24 2-3 25; K.Johnson 6-15 7-8 19, Majerle 9-16 0-0 18. Rebounds: Los Angeles 55 (E.Johnson 12), Phoenix 48 (K.Johnson 9). Assists: Los Angeles 20 (E.Johnson 15), Phoenix 26 (K.Johnson 9).

L.A. Clippers 34 30 40 33—137
Denver 33 21 35 32—121
Smith 17-27 18-21 52, Manning 8-13 6-8 22; Woolridge 11-20 6-9 28, Adams 7-19 5-6 22, Davis 10-21 2-2 22. Rebounds: Los Angeles 77 (Benjamin 13), Denver 62 (Lane 12). Assists: Los Angeles 36 (Grant 16), Denver 29 (Adams 18).

Portland 20 19 24 32 11 12 12—130
Seattle 25 28 24 18 11 12 6—124
Porter 14-23 6-8 38, Kersey 6-17 12-14 24; McDaniel 18-36 5-6 41, Threatt 8-22 3-3 19. Rebounds: Portland 68 (Kersey 10), Seattle 61 (Cage 15). Assists: Portland 24 (Porter, Kersey 6), Seattle 28 (Payton 8).

GOLF

Final placings after Sunday's fourth round of the Australian Open:

John Morse, U.S.	72-70-73-68—283
Craig Parry, Australia	72-70-69-72—283
Greg Norman, Australia	70-68-76-72—286
Wayne Riley, Australia	70-72-75-69—286
Jeff Maggert, U.S.	71-69-75-72—287
Rodger Davis, Australia	70-71-75-71—287
Ian Baker-Finch, Australia	71-71-71-74—287
Brett Ogle, Australia	71-69-74-76—290
Colin Montgomerie, Britain	75-71-73-71—290
Peter Fowler, Australia	76-72-73-69—290

CRICKET

WORLD SERIES CUP
One-Day matches, Adelaide
Saturday: New Zealand vs. England
New Zealand: 199 for 6 (40 overs)
England: 192 for 9 (40 overs)
New Zealand won by 7 runs.
Sunday: Australia vs. New Zealand
New Zealand: 208 for 7 (50 overs)
Australia: 210 for 4 (47 overs)
Australia won by 6 wickets.

THREE-DAY INTERNATIONALS
Test One, Saturday, Nagpur, India
Sri Lanka vs. India
Sri Lanka: 226 for 7
India: 245 for 5 (45 overs)
India won by 19 runs.

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
N.Y. Rangers	17	8	5	39	116	82
Philadelphia	17	10	2	36	107	87
New Jersey	14	10	3	31	103	89
Washington	15	14	0	30	98	92
Pittsburgh	11	13	2	24	106	105
N.Y. Islanders	9	15	2	20	71	97
Adams Division						
Boston	14	8	4	32	84	78
Montreal	13	12	3	29	85	87
Hartford	10	12	4	24	74	84
Buffalo	9	10	6	24	77	78
Quebec	5	18	5	15	75	124

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
Chicago	17	9	2	36	93	69
St. Louis	15	8	3	33	89	73
Detroit	13	10	3	29	97	97
Minnesota	7	15	6	20	77	97
Toronto	6	22	1	13	79	133
Smythe Division						
Los Angeles	16	7	3	35	110	82
Calgary	15	9	3	33	114	86
Vancouver	12	12	2	26	78	86
Winnipeg	9	16	3	21	93	99
Edmonton	8	14	2	18	71	73

FRIDAY'S RESULTS

N.Y. Rangers 0 1 0—1
Philadelphia 1 1 3—5
Mallette (7); Craven (6), Samuelsson (5), Acton (6), Tocchet 2 (20). Shots on goal: New York (on Peeters) 8-8-19—35. Philadelphia (on Vanbiesbrouck) 18-9-8—35.

N.Y. Islanders 2 2 1 0—5
New Jersey 2 0 3 0—5
Sutter (11), Flatley (6), LaFontaine (16), Volek 2 (8); MacLean (16), Daneyko (4), Lemieux (9), Brown 2 (2). Shots on goal: New York (on Terreri) 8-4-4-0—16. New Jersey (on Healy) 9-7-11-0—27.

Montreal 1 2 1—4
Washington 2 0 1—3
Chorske (5), Lebeau (10), Pedersen (5), Cassels (3); Hatcher (10), Hunter (6), Pivonka (9). Shots on goal: Montreal (on Beaupre) 8-9-7—24. Washington (on Bergeron) 11-7-7—25.

Minnesota 0 3 1—4
Winnipeg 0 1 1—2
Small (4), Chambers (1), Sinisalo (1), Gagner (17); Olausson (6), Mantha (4). Shots on goal: Minnesota (on Essensa) 9-13-7—29. Winnipeg (on Casey) 10-13-11—34.

SATURDAY'S RESULTS

Chicago 0 0 3—3
Detroit 2 2 0—4
Green (1), Probert (8), Gorpenlov (10), Burr (9); Larmer (17), Roenick (13), Thomas (6). Shots on goal: Chicago (on Cheveldae) 8-11-13—32. Detroit (on Belfour) 14-11-7—32.

Edmonton 2 2 0—4
Hartford 0 2 0—2
Tikkanen (6), Klima (10), Simpson (12), Murphy (7); Verbeek (14), Holik (7). Shots on goal: Edmonton (on Sidorkiewicz) 9-9-3—21. Hartford (on Takko) 5-18-11—34.

Washington 0 0 3—3
N.Y. Islanders 1 0 0—1
Hunter (7), Joyce (1), Druce (15); Wood (7). Shots on goal: Washington (on Hackett) 6-12-10—28. New York (on Beaupre) 6-8-9—21.

Buffalo 1 0 1—2
Quebec 1 2 1—4
Ruuttu (4), Hartman (1); McKegney (10), Fogarty 3 (5). Shots on goal: Buffalo (on Tugnutt) 13-8-16—37. Quebec (on Malarchuk) 9-8-6—23.

N.Y. Rangers 1 2 2—5
Boston 1 2 1—4
Kisio (3), King (2), Leetch (8), Gartner 2 (15); Christian 2 (12), Hodge (4), Galley (3). Shots on goal: New York (on Lemelin) 5-8-7—20. Boston (on Richter) 11-12-14—37.

Calgary 1 2 2—5
Montreal 2 0 1—3
MacInnis (10), MacLellan 2 (6), Ranheim (10), Fleury (12); Richer (11), Desjardins (3), Pederson (5). Shots on goal: Calgary (on Roy) 11-14-8—33. Montreal (on Vernon) 8-7-10—25.

Pittsburgh 1 2 0—3
Minnesota 2 1 3—6
Stevens (15), Mullen (12), Coffey (9); Sinisalo (2), Smith (6), Broten (5), Murphy (4), Berezan 2 (7). Shots on goal: Pittsburgh (on Casey) 7-7-8—22. Minnesota (on Pietrangelo) 9-16-15—40.

New Jersey 1 1 2—4
St. Louis 0 0 1—1
Shanahan (9), Weinrich (2), MacLean 2 (18); Momesso (6). Shots on goal: New Jersey (on Joseph) 6-13-15—34. St. Louis (on Burke) 11-13-6—30.

Toronto 3 1 0—4
Los Angeles 1 1 1—3
Marois (9), Krushelnyski (3), Clark (9), Damphousse (10); Miller (4), Taylor (6), Robitaille (11). Shots on goal: Toronto (on Berthiaume) 7-11-10—28. Los Angeles (on Ing) 13-12-4—29.

SKIING

World Cup Races

MEN

Super-G in Valloire, France, with a drop of 578 meters (1,896 feet):
1. Franck Piccard, France, 1 minute, 27.59 seconds; 2. Franz Heinzer, Switzerland, 1:27.71; 3. Stefan Eberharter, Austria, 1:27.82; 4. Atle Skaardal, Norway, 1:28.24; 5. Jean-Luc Cretier, France, 1:28.68; 6. (tie) Hannes Zuehentner, Germany, 1:28.68, and Ole Christian Furuseth, Norway, 1:28.68; 8. Kjetil Aamodt, Norway, 1:28.78; 9. Steven Locher, Switzerland, 1:28.80; 10. Lars Eriksson, Sweden, 1:28.95.

Season's overall standings: 1. Piccard, 40 points; 2. (tie) Peter Rath, Germany, and Frederick Nyberg, Sweden, 25; 4. Alberto Tomba, Italy, 22; 5. (tie) Heinzer, Michael Tritscher, Austria, and Lasse Kjus, Norway, 20; 8. (tie) Furuseth and Armin Bittner, Germany, 18; 10. (tie) Eriksson and Aamodt, 17.

Super-G: 1. Piccard, 25 points; 2. Heinzer, 20; 3. Eberharter, 15; 4. Skaardal, 12; 5. Cretier, 11; 6. Zuehentner and Furuseth, 10; 8. Aamodt, 8; 9. Locher, 7; 10. Eriksson, 6.

WOMEN

Special slalom in Val Zoldana, Italy:
1. Petra Kronberger, Austria, 1:32.84; 2. Ingrid Salvenmoser, Austria, 1:33.98; 3. Patricia Chauvet, France, 1:34.20; 4. Monika Maierhofer, Austria, 1:34.49; 5. Karin Buder, Austria, 1:34.56; 6. Diann Roffe, U.S., 1:34.63; 7. Blanca Fernandez Ochoa, Spain, 1:35.13; 8. Eva Twardokens, U.S., 1:35.14; 9. Anette Gersch, Germany, 1:35.32; 10. Claudia Strobl, Austria, 1:35.44.

Slalom in Val Zoldana:
1. Kronberger, 2:27.92 minutes; 2. Vreni Schneider, Switzerland, 2:29.06; 3. Pernilla Wiberg, Sweden, 2:29.13; 4. Angelika Hurler, Germany, 2:30.03; 5. Anita Wachter, Austria, 2:30.34; 6. Sigrid Wolf, Austria, 2:30.57; 7. Julie Lunde-Hansen, Norway, 2:30.80; 8. Roffe, 2:30.91; 9. Ylva Nowen, Sweden, 2:31.21; 10. (tie) Fernandez Ochoa and Christina Meier, Germany, 2:31.44.

Overall standings: 1. Kronberger, 50 points; 2. Salvenmoser, 24; 3. Schneider, 20; 4. Roffe, 18; 5. (tie) Chauvet, Wiberg and Fernandez Ochoa, 15; 8. (tie) Hurler and Maierhofer, 12; 10. (tie) Wachter and Buder, 11.

Special slalom standings: 1. Kronberger, 25 points; 2. Salvenmoser, 20; 3. Chauvet, 15; 4. Maierhofer, 12; 5. Buder, 11; 6. Roffe, 10; 7. Fernandez Ochoa, Spain, 9; 8. Twardokens, 8; 9. Gersch, 7; 10. Strobl, 6.

SOCCER

WEST GERMAN CUP
Round Three
Preussen Munster 0, VfB Stuttgart 1
Werder Bremen 3, Schalke 1
Cologne 1, Meppen 0
Duisburg 3, Blau-Weiss Berlin 2
Saarbrucken 0, Eintracht Frankfurt 0
Hamburg 1, Wattenscheid 2

SPANISH FIRST DIVISION
Castellon 0, Sevilla 0
Barcelona 2, Mallorca 1
Atletico Madrid 4, Zaragoza 0
Sporting Gijon 3, Cadiz 1
Osasuna 3, Real Sociedad 1
Athletic Bilbao 1, Logrones 1
Tenerife 1, Oviedo 2
Valladolid 0, Real Madrid 1
Betis 1, Espanol 2
Burgos 0, Valencia 0
Standings: Barcelona 22, Logrones 18, Real Madrid and Osasuna 17, Sevilla and Atletico Madrid 16, Burgos, Athletic Bilbao, and Oviedo 14, Espanol 13, Sporting Gijon and Castellon 12, Zaragoza, Valencia, and Mallorca 11, Real Sociedad and Tenerife 10, Valladolid 9, Cadiz 7, Betis 6.

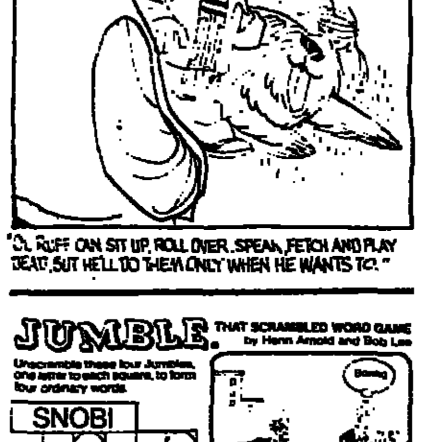
ENGLISH FIRST DIVISION
Arsenal 3, Liverpool 0
Aston Villa 2, Sheffield United 1
Chelsea 3, Tottenham Hotspur 2
Crystal Palace 2, Coventry 1
Everton 0, Manchester United 1
Leeds 2, Southampton 1
Manchester City 2, Queens Park Rangers 1
Norwich 0, Wimbledon 4
Nottingham Forest 2, Luton 2, tie
Sunderland 1, Derby County 2
Standings: Liverpool 38, Arsenal 35, Crystal Palace 30, Tottenham 29, Leeds United 26, Manchester City and Manchester United 23, Wimbledon 21, Chelsea 20, Luton 19, Nottingham Forest 18, Aston Villa and Norwich 17, Derby County 16, Southampton 15, Sunderland 14, Coventry 13, Everton and QPR 12, Sheffield United 4.

ITALIAN FIRST DIVISION
Bari 1, Internazionale 1
Bologna 1, Atalanta 1
Cagliari 0, Sampdoria 0
Genoa 2, Parma 1
Juventus 2, Fiorentina 1
Lazio 1, AS Roma 1
AC Milan 1, Lecce 0
Napoli 2, Torino 1
Pisa 3, Cesena 2
Standings: Sampdoria, Juventus and Internazionale 16, AC Milan 15, Parma 13, Torino, Lazio, and Genoa 12, Roma and Atalanta 11, Bari and Napoli 10, Pisa 9, Fiorentina, Cesena and Lecce 8, Bologna 6, Cagliari 5.

FRENCH FIRST DIVISION
Bordeaux 1, Auxerre 1
Cannes 1, Rennes 0
Lille 1, Caen 0
Marseille 2, Montpellier 0
Metz 1, Lyon 2
Monaco 2, Nancy 2
Nantes 2, Nice 2
Paris St Germain 0, Sochaux 2
St Etienne 6, Brest 1
Toulouse 1, Toulon 1
Standings: Marseille 28, Auxerre and Monaco 24, Metz and Nantes 20, Montpellier and Lyon 19, Caen and Lille 18, Brest and Paris St Germain 17, Bordeaux, St Etienne, Toulon, Toulouse, and Nancy 14, Sochaux and Cannes 15, Nice and Rennes 13.

DUTCH FIRST DIVISION
FC Twente 5, NEC Nijmegen 0
SVV Schiedam 0, RKC Waalwijk 0
Sparta Rotterdam 1, Roda JC Kerkrade 1
Ajax Amsterdam 5, FC Den Haag 0
FC Volendam 2, Feyenoord Rotterdam 2
FC Groningen 2, FC Utrecht 2
Willem II Tilburg 0, PSV Eindhoven 2
Vitesse Arnhem 2, SC Heerenveen 0
Standings: PSV Eindhoven 21, Ajax Amsterdam 20, FC Groningen 17, FC Den Haag 16, Vitesse Arnhem and Fortuna Sittard 15, Feyenoord Rotterdam 13, FC Twente Enschede, RKC Waalwijk, FC Volendam, FC Utrecht, and Sparta Rotterdam 12, Willem II Tilburg and SVV Schiedam 11, Roda JC Kerkrade and NEC Nijmegen 10, MVV Maastricht 9, SC Heerenveen 4.

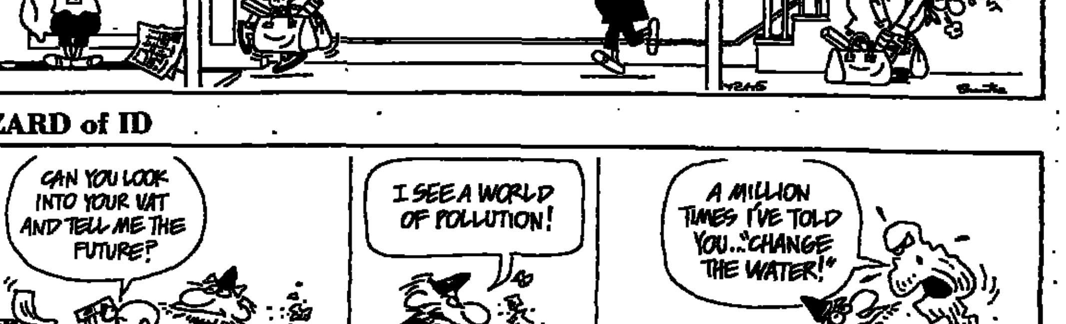
DENNIS THE MENACE



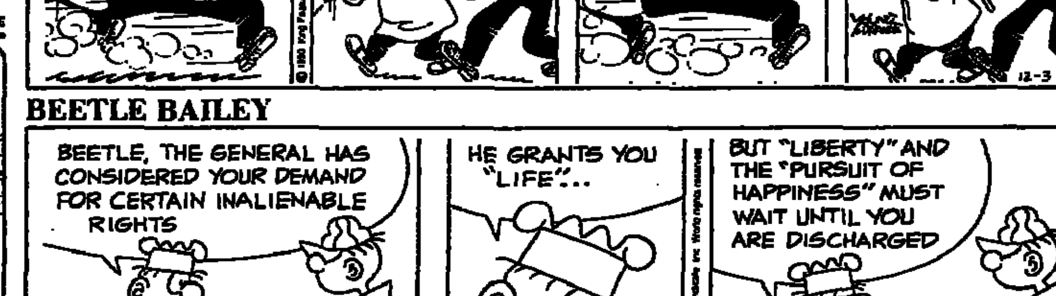
"OL' RUFF CAN SIT UP, ROLL OVER, SPEAK, FETCH AND PLAY DEAD, BUT HE'LL DO THEM ONLY WHEN HE WANTS TO."

PEANUTS

ANDY CAPP



BLONDIE



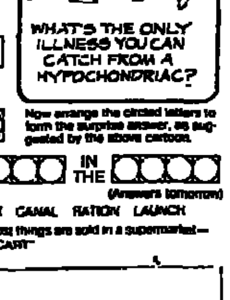
WIZARD of ID

JUMBLE

THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SNOBI
LERIN
CAJEKT
IPCINC



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: A ____ IN THE ____

(Answers tomorrow)

Saturday's Jumbles: ARMOR CANAL RATION LAUNCH
Answer: How most things are sold in a supermarket — A LA "CART"

BEETLE BAILEY

REX MORGAN

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DOONESBURY

GARFIELD

هكذا من الأصل

صكناس الاصل

MONDAY SPORTS

Detmer Outpolls Ismail For Heisman Trophy, But No. 4 BYU Is Upset

Detmer: Third straight junior.

By Christine Brennan
Washington Post Service

WASHINGTON — Ty Detmer, the latest in a lengthening line of superb quarterbacks at Brigham Young University, has become the first BYU quarterback to win the Heisman Trophy, college football's most prestigious award, by easily outpolling Notre Dame's all-purpose back, Raghib (Rocket) Ismail.

But Detmer, on his way to setting the NCAA single-season record for passing yards, threw four interceptions later Saturday night as Hawaii upset the fourth-ranked Cougars, 59-28.

Detmer got 316 of the 917 first-place votes for 1,482 points, to 1,177 (237 first-place votes) for Ismail. Colorado running back Eric Bieniemy finished third with 798 points and 114 first-place votes.

Virginia quarterback Shawn Moore finished fourth with 465 points (46 firsts), followed by Houston quarterback David Klingler with 125 points (seven firsts). Virginia wide receiver Herman Moore was sixth with 68 points.

Detmer, the third consecutive junior to win the award, who came to BYU in the footsteps of Marc Wilson, Jim McMahon, Steve Young and Robbie Bosco, said, "They got the recognition that got us going."

His 319 yards passing in Hawaii — he threw for three touchdowns — gave him the single-season NCAA record of 5,187 yards. That was just 47 more than Houston's Klingler, who passed for a single-game mark of 716 yards in Tokyo.

Detmer holds or shares 25 other NCAA records, including an ongoing streak of 23 straight 300-yard passing games. The 6-foot, 175-pound (1.8-meter, 79-kilogram) native of San Antonio, Texas, has said he will return to BYU next season.

Mike Groll/The Associated Press

James Lofton's 71-yard pass play, and a 63-yard touchdown, helped end the Eagles' winning streak.

Redskins Rout Dolphins, Bills Hold Off Eagles

The Associated Press

Earnest Byner rushed for three touchdowns and 157 yards Sunday as the Washington Redskins' offense overwhelmed Miami's league-leading defense with 467 yards and beat the Dolphins, 42-20, in Washington.

The Redskins (7-5) used three straight long touchdown drives to build a 21-0 lead and were ahead, 35-6, before the Dolphins got their first touchdown, in the fourth quarter.

The Dolphins (9-3) pulled within 35-20 on Dan Marino's scoring pass and Jarvis Williams's 42-yard interception return. But the Redskins held the ball for the next 8 minutes, 55 second sand Mark Rypien threw his third touchdown pass, a seven-yarder to Art Monk, for the final margin.

The Redskins gained 222 yards on the ground against a defense that had been giving up only 85 a game. Byner carried 32 times, becoming the first player to rush for more 100 yards against the Dolphins, and scored on runs of 2, 7 and 13 yards.

Rypien was 21 of 28 passing for 245 yards, with two touchdown throws to Monk and a three-yarder to Jimmie Johnson, ending a string of 21 straight quarters in which Miami had not allowed a touchdown pass.

The National Football League's top-ranked defense coming into the game, the Dolphins the most points scored against them this season. They had given up only four touchdowns in six previous games and hadn't surrendered more than 20 points since a 27-24 victory over New England to open the season.

Bills 30, Eagles 23: In Orchard Park, New York, Jim Kelly's three touchdown passes, Scott Norwood's three field goals and six sacks of Randall Cunningham help Buffalo win. Philadelphia (7-5) came back from a 24-0 first-quarter deficit to make it 24-23 in the third quarter but had its five-game winning streak ended.

Buffalo improved to 10-2 and, with Miami's loss, took over sole possession of first place in the American Conference East.

Kelly completed 19 of 32 passes for 334 yards, his first 300-yard game of the season. He threw long touchdown passes to James Lofton and Andre Reed and a four-yarder to Thurman Thomas.

Bengals 16, Steelers 12: In Pittsburgh, Cincinnati overcame three turnovers with a ball-control offense and a late goal-line stand while holding the Steelers without a touchdown for the second time this season.

NFL ROUNDUP

The victory gave Cincinnati a one-game lead in the AFC Central Division. The Bengals, Steelers and Houston Oilers began the day tied for the division lead.

Denying the Steelers' coach, Chuck Noll, his 200th NFL regular-season victory, the Bengals defeated the Steelers for the second time in three weeks and the sixth straight time over three seasons. The Bengals haven't lost in Pittsburgh since 1987.

L.A. Rams 38, Browns 23: In Cleveland, Jim Everett threw for 261 yards and four touchdowns, ending his string of three games without a touchdown pass, and Henry Ellard became Los Angeles's all-time leading receiver.

Ellard had six receptions for 90 yards, giving him 402 catches in the NFL. Tom Fears held the previous team mark of 400.

The loss was the seventh straight for Cleveland (2-10). The Rams (5-7), who upset San Francisco last week, won their second straight.

The Browns' secondary was easy prey for Everett because of the absence of Pro Bowl cornerback Frank Minnifield, out with a sore heel that has bothered him for three weeks. Everett completed 22 of 29 passes without an interception.

Chiefs 37, Patriots 7: In Foxboro, Massachusetts, Steve DeBerg threw for 312 yards and two touchdowns in the first half as Kansas City scored on its first five possessions. DeBerg threw a scoring pass of 86 yards to Stephone Paige on the first offensive play and an 11-yard touchdown pass to Robb Thomas on their team's last play of the half for a 23-0 halftime lead.

After punting on their first series of the third quarter, the Chiefs got their league-record sixth blocked punt and made the score 30-0 two plays later on Christian Okoye's one-yard run. Okoye scored on another yard run with 7:29 left.

Bucs 23, Falcons 17: In Tampa, Florida, Vinny Testaverde riddled the NFL's worst pass defense for 351 yards and threw a 35-yard touchdown to Mark Carrier with 39 seconds left.

The defeat was the fifth straight for Atlanta (3-9), which has dropped 17 consecutive games on the road dating from Nov. 20, 1988. In addition, quarterback Chris Miller fractured his right clavicle midway through the third quarter.

The Bucs (5-8) intercepted Miller three times before the Atlanta quarterback was injured scrambling out of his end zone.

Bears 23, Lions 17: In Chicago, Jim Harbaugh's completed a 50-yard touchdown pass to Neal Anderson with 4:03 left in overtime to beat Detroit. The Bears had tied the score with 33 seconds left in regulation on a 19-yard field goal by Kevin Butler.

The Bears (10-2) won the toss in overtime and elected to defend the north goal and get the strong wind at their back. It nearly proved costly. The Lions (4-8) took the kick and marched to the Chicago 17, but Eddie Murray's 35-yard field goal was wide left.

Tech Beats Georgia

The Associated Press

Georgia Tech has kept its hopes alive that it can win the college football championship with a 40-23 defeat of Georgia, while Tennessee and Alabama have clinched berths in postseason bowl games.

Shawn Jones passed for four touchdowns and accounted for two two-point conversions Saturday in Athens, Georgia, as No. 2 Georgia Tech, at 10-0-1, remained the only major unbeaten team.

COLLEGE FOOTBALL

No. 3 Miami 30, San Diego State 28: In San Diego, Craig Erickson overcame an erratic start to throw two touchdown passes and Cotton Bowl-bound Miami finished the regular season at 9-2 although San Diego State's Dan McGwire also threw for two touchdowns and was 32-for-53 for 323 yards.

Hawaii 59, No. 4 Brigham Young 28: In Honolulu, Garrett Gabriel, the hero of last year's upset of BYU, completed 21 of 39 passes for 359 yards and three touchdowns.

No. 5 Texas 28, Texas A&M 27: In Austin, Texas, Mark Berry stopped Darren Lewis on a two-point conversion with a little less than four minutes left. Texas already had a Cotton Bowl berth.

No. 8 Florida St. 45, No. 6 Florida 30: Amp Lee rushed for 147 yards and scored three touchdowns and Casey Weldon passed for 325 yards and two scores for the Seminoles in Tallahassee.

No. 11 Houston 62, Arizona State 45: In a game in Tokyo, David Klingler passed for a record 716 yards and seven touchdowns as Houston, prevented from going to a bowl by NCAA sanctions, finished with a 10-1 record.

No. 12 Tennessee 49, Vanderbilt 20: In Nashville, Tennessee, the Vols overcame a 17-14 halftime deficit to gain a date with Virginia in the Sugar Bowl.

Alabama 16, No. 20 Auburn 7: In Birmingham, Alabama, the Crimson Tide turned back the Tigers with a strong defense and three field goals by Philip Doyle to earn an appearance in the Fiesta Bowl.

Heisman Winners

1990—Ty Detmer, Brigham Young, QB; 1989—Andre Ware, Houston, QB; 1988—Barry Sanders, Oklahoma State, RB; 1987—Tim Brown, Notre Dame, WR; 1984—Vinny Testaverde, Miami, Fla., QB; 1985—Bo Jackson, Auburn, TB; 1984—Doug Flutie, Boston College, QB; 1983—Mike Rozier, Nebraska, TB; 1982—Herschel Walker, Georgia, HB; 1981—Marcus Allen, Southern Cal, TB;
1980—George Rogers, South Carolina, HB; 1979—Charles White, Southern Cal, TB; 1978—Billy Sims, Oklahoma, HB; 1977—Earl Campbell, Texas, FB; 1976—Tony Dorsett, Pittsburgh, HB; 1975—Archie Griffin, Ohio State, HB; 1974—Archie Griffin, Ohio State, HB; 1973—John Cappelletti, Penn State, HB; 1972—Johnny Rodgers, Nebraska, FL; 1971—Pat Sullivan, Auburn, QB;
1970—Jim Plunkett, Stanford, QB; 1969—Steve Owens, Oklahoma, HB; 1968—O.J. Simpson, Southern Cal, TB; 1967—Gary Beban, UCLA, QB; 1966—Steve Spurrier, Florida, QB; 1965—Mike Garrett, Southern Cal, TB; 1964—John Huarte, Notre Dame, QB; 1963—Roger Staubach, Navy, QB; 1962—Terry Baker, Oregon State, QB; 1961—Ernie Davis, Syracuse, HB;
1960—Joe Bellino, Navy, HB; 1959—Billy Cannon, LSU, HB; 1958—Pete Dawkins, Army, HB; 1957—John David Crow, Texas A&M, HB; 1956—Paul Hornung, Notre Dame, QB; 1955—Howard Cassady, Ohio State, HB; 1954—Alan Ameche, Wisconsin, FB; 1953—John Lattner, Notre Dame, HB; 1952—Billy Vessels, Oklahoma, HB; 1951—Dick Kazmaier, Princeton, HB;
1950—Vic Janowicz, Ohio State, HB; 1949—Leon Hart, Notre Dame, E; 1948—Doak Walker, SMU, HB; 1947—John Lujack, Notre Dame, QB; 1946—Glenn Davis, Army, HB; 1945—Doc Blanchard, Army, HB; 1944—Les Horvath, Ohio State, QB; 1943—Angelo Bertelli, Notre Dame, QB; 1942—Frank Sinkwich, Georgia, HB; 1941—Bruce Smith, Minnesota, HB;
1940—Tom Harmon, Michigan, HB; 1939—Nile Kinnick, Iowa, HB; 1938—Davey O'Brien, Texas Cristian, QB; 1937—Clint Frank, Yale, HB; 1936—Larry Kelley, Yale, E; 1935—Jay Berwanger, Chicago, HB.

SIDELINES

Morse Wins Australian Golf Open

SYDNEY (Reuters) — John Morse of the United States, who five times has failed to win a U.S. tour card, won Australia's most prestigious golf tournament Sunday when Craig Parry bogeyed the first hole of a sudden-death playoff.

Parry, an Australian, had a relatively easy four-foot (1.2-meter) putt at the par-four 17th but watched in disbelief as his ball kissed the lip of the cup and flicked off. Morse shot a four-under-par 68 to tie Parry at 283 after the regulation 72 holes. Both birdied the last hole, with Parry shooting 72 in the final round. Greg Norman and Wayne Riley were three back at 286 at the end of regulation.

Gilmour Takes Match Yachting Title

AUCKLAND, New Zealand (Reuters) — The Australian America's Cup skipper Peter Gilmour won the match race yachting world championship Sunday, defeating Rod Davis of New Zealand.

Gilmour, the runner-up last year, won the best-of-three final in two straight races, by 27 and 33 seconds. Peter Isler of the United States won the runoff for third place against Eddie Warden-Owen of Britain.

Vote Starts for Baseball Hall of Fame

NEW YORK (AP) — Rod Carew, a seven-time batting champion, and Rollie Fingers, the all-time saves leader, head a list of 24 newcomers on the 1991 Hall of Fame ballot.

Balloting by more than 450 members of the Baseball Writers Association of America will take place throughout December, and the results are to be announced in early January. Forty-five names appear on the ballot, including 21 holdovers from last year.

Bird Tops 20,000 Points in the NBA

BOSTON (AP) — Larry Bird of the Boston Celtics has became the 15th National Basketball Association player to score 20,000 points.

He finished Friday night's game against the Washington Bullets with 21 points for a total of 20,009 in 12 years in the NBA and joined Kareem Abdul-Jabbar, John Havlicek, Oscar Robertson and Jerry West as the only players with 20,000 points and 5,000 assists.

Ex-Viking Arrested on Drug Charge

DULUTH, Minnesota (AP) — Jim Marshall, the iron man for the NFL Minnesota Vikings' defensive line in the 1970s, has been charged with drug possession after police said they found about 1.5 ounces (about 43 grams) of cocaine in his pocket.

Marshall, 52, was arrested Thursday and released Friday on bail of $5,000. His next court appearance is set for Dec. 10.

For the Record

The Giro d'Italia, Italy's premier cycling race, will break with tradition next year by starting on the island of Sardinia. *(Reuters)*

Erika Hansen, who defeated Olympic gold medalist Janet Evans in the 400-meter individual medley this year, has withdrawn from the U.S. team for the January world championships because of a viral illness. *(AP)*

Outfielder Kirk Gibson, a Los Angeles Dodgers free agent, has signed a two-year contract with the Kansas City Royals, for a reported $3.3 million. *(AP)*

Michel Bergeron, 44, a former NHL coach for Quebec and the New York Rangers, has had a major heart attack in Montreal, where he was working as a color analyst on Canadiens broadcasts. *(UPI)*

Loreto Garza retained his WBA junior welterweight title Saturday when fellow American Vinny Pazienza was disqualified for fouling in the 11th round of the 12-round bout in Sacramento, California *(Reuters)*

GianFranco Rosi of Italy retained his IBF junior middleweight title by an unanimous point decision against René Jacquot of France on Friday in Sicily. *(AP)*

The WBC light-heavyweight fight between Dennis Andries of Britain and challenger Guy Waters of Australia has been postponed from Dec. 7 to Jan. 19 in Adelaide, Australia. *(Reuters)*

Kronberger Wins 2 Straight Slaloms, Piccard Takes Men's Super-G Race

The Associated Press

VAL ZOLDANA, Italy — Petra Kronberger skied Sunday to her second victory in as many World Cup races this season, winning a women's special slalom in this north Italian resort, while in Valloire, France, Olympic gold medalist Franck Piccard won the first World Cup Super-G of the season.

Kronberger, the Austrian who is the reigning women's champion, clocked 1 minnte, 32.84 seconds for two runs down the Foppe course. She edged teammate Ingrid Salvenmoser by 1.14 seconds.

France's Patricia Chauvet came back from eighth place in the first run to finish third in 1:34.20.

Diann Roffe of the United States skied her best World Cup slalom to finish sixth. Austrian ace Anita Wachter was among those who dropped out in the first heat, which had 50 gates. The second heat had 58 gates.

Sunday's victory, following her giant slalom triumph Saturday, gave Kronberger a commanding lead of 50 points in the overall standings.

An all-rounder who can do well in all four disciplines of Alpine skiing, she said, "Everything goes right."

Another reason to be happy: Her toughest rival for the World Cup title, Vreni Schneider of Switzerland, fell in the first heat and did not get any points.

Schneider had placed second to Kronberger in Saturday's giant slalom, when Kronberger posted the fastest times in both heats.

Kronberger had a combined time of 2:27.92 seconds. Schneider was 1.14 seconds behind.

Schneider said she had done better than expected in a discipline that was not her best last season.

Pernilla Wiberg of Sweden, a third-group starter, caused a stir by finishing third, 0.7 behind Schneider.

France's Piccard sped down the hard track at Valloire in 1:27.59 on a course that dropped 578 meters (1,896 feet) and was 2.05 kilometers (6,726 feet) long with 41 gates.

Franz Heinzer of Switzerland finished second in 1:27.77 with Stefan Eberharter, 21, of Austria third in 1:27.82.

"It was a bit of revenge for me," Piccard said. "I have lost in races last year by only a little bit twice."

The 26-year-old from Les Saises had a victory in Val d'Isère last season until late starting Niklas Henning beat him by a tenth of a second. Two days later, Piccard placed third in Sestrieres, Italy, losing to Swiss star Pirmin Zurbriggen by less than a half- second.

But Zurbriggen is retired now and Henning missed a gate as the first down the artificial snow.

Luca Cattaneo/The Associated Press

Kronberger in Sunday's special slalom: "Everything goes right."

In Rome, It Was NBA Show Time

The Associated Press

ROME — J.J. Anderson scored 29 points and the South squad held off a late rally to win the Italian All-Star Game, 182-176.

Anderson, 30, a guard who played with Utah and Philadelphia in the National Basketball Association, was one of nearly 20 former NBA players who competed in Saturday's annual showcase for the foreign stars in the Italian league. They treated a sell-out crowd of 15,000 to a record-setting 358 points to break the mark of 344 set last year.

Oscar Schmidt and Larry Middleton of the North squad shared scoring honors with 35 points apiece.

But the crowd's hero was Michael Cooper, the former Los Angeles Lakers guard. He scored only six points, but beat three-time defending champion Schmidt in the three-point shooting contest and was chosen most valuable player.

Indiana Grabs the Rebounds to Defeat Louisville

The Associated Press

Indiana put on its best rebounding show of the young college basketball season and Louisville made the kind of mistakes a first-time starter will commit as it lost, 72-52, to the 10th-ranked Hoosiers.

"We knew they like to go to the offensive boards, and we just figured we'd block them out and we'd be fine," said Indiana's Calbert Cheaney, who had 19 points and six rebounds in Saturday's victory over the No. 25 Cardinals in the Big Four Tournament in Indianapolis.

Cheaney had six points during an 18-4 spurt early in the second half that virtually decided the issue. The Cardinals (0-1) were outrebounded, 34-29, as the Hoosiers (4-1), for the first time this season, controlled the boards. Indiana also outshot Louisville, 56 percent to 39 percent, and scored 22 points off the Cardinals' turnovers.

"We made too many mistakes," said Louisville's coach, Denny Crum. "But I think it was because they made us make mistakes."

No. 1 UNLV 109, Alabama-Birmingham 68: Larry Johnson scored 26 points and Stacey Augmon got 19 as top-ranked Nevada-Las Vegas began the defense of its national title in Vancouver, British Columbia. Augmon began the game with a dunk and the Rebels, with an 18-point run, took a 25-6 lead.

Elbert Rogers led travel-weary Alabama-Birmingham with 25 points; the Blazers beat Auburn, 71-65, Friday night in Birmingham.

COLLEGE BASKETBALL

No. 2 Arizona 95, Long Beach St. 68: Ed Stokes broke out of a scoring slump with 14 points as Arizona (6-0) combined a strong defense with a balanced offense in Tucson. Lucious Harris had 26 points for Long Beach State (1-2).

No. 3 Arkansas 112, Kansas St. 88: Oliver Miller got 22 points, plus 16 rebounds, against the visitors (2-1) and Todd Day scored 20 points as Arkansas (5-1) won in Fayetteville.

No. 4 North Carolina 118, Iowa St. 93: George Lynch scored 20 points as North Carolina (3-1) won the consolation game of its Tournament of Champions in Charlotte. Pressure defense forced 16 Iowa State (1-4) turnovers. South Carolina beat North Carolina, 76-74, on Friday, and then downed Houston, 74-70, in overtime to win the tournament on Saturday.

Bowling Green 98, No. 5 Michigan St. 85: Joe Moore scored 23 points for Bowling Green (3-0), playing at home, as Michigan State (1-2), despite 29 points from Steve Smith, was upset again after a loss to Nebraska.

No. 7 Syracuse 86, Cornell 61: Dave Johnson had 15 points, matching Cornell's entire first-half total, as Syracuse (4-0) won at home.

No. 8 Duke 111, North Carolina-Charlotte 94: Christian Laettner scored a career-high 37 points and had 11 rebounds for Duke (5-1) in Durham, North Carolina. Freshman Jarvis Lang had 30 points for UNC-Charlotte (2-1).

No. 9 Georgetown 65, Southern Indiana 45: In Landover, Maryland, Georgetown (3-0) made just 39 percent of its shots and committed 16 turnovers but still beat Southern Indiana (3-2), a Division II school that shot 35 percent while turning the ball over 18 times.

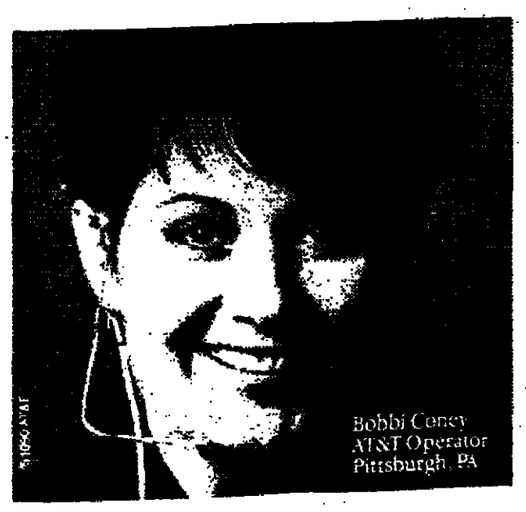
Ilo Mutombo led Southern Indiana with 12 points and 11 rebounds; his brother Dikembe scored six points and had nine rebounds for Georgetown.

No. 11 Ohio St. 112, Youngstown St. 67: In Columbus, Ohio, Mark Baker scored 24 points — making all 12 free throws — as Ohio State (3-0) topped 100 points for a school-record third straight game.

No. 13 Pitt 91, St. Francis, Pennsylvania, 85: Bobby Martin and Darelle Porter each made three foul shots during an 8-0 run in the final 1:15 as Pitt (4-0) rallied from a 17-point deficit to defeat St. Francis (1-1) in Loretto, Pennsylvania.

Richmond 73, No. 14 Georgia Tech 71: In Richmond, Virginia, Jim Springer's rebound and lay-in with three seconds left gave Richmond (2-1) its fourth victory over the Yellow Jackets (2-1) in five years.

No. 19 S. Mississippi 84, No. 6 Alabama 82: Darrin Chancellor got 25 points and Clarence Weatherspoon 15 as Southern Mississippi opened its season Friday by upsetting Alabama (2-1) in Birmingham.



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A Lot More Than Gold Found in Sunken Ship

By Ken Ringle
Washington Post Service

WASHINGTON — The steamer trunk that Adeline and Ansel Ives Easton took on their honeymoon voyage finally reached shore last month, 133 years after they did. It was found where they almost ended up, on the ocean floor 200 miles off the Carolina coast, amid ship timbers, steam machinery and a glittering fortune in gold.

Those who found the trunk and have been cataloguing its contents consider it a vital part of the richest discovered treasure in U. S. history, as important in its own way as the 62-pound (28-kilogram) gold ingot, the fist-sized gold nugget and the hundreds of millions of dollars in gold bars, gold dust and freshly-minted gold and silver coinage hauled up so far from the wreckage of the packet steamer Central America.

The trunk's contents — mostly clothes and other personal items of the newlyweds — were so astonishingly well preserved that surviving intact was a July 20, 1857, copy of the New York News, headlines still readable.

But why was the newspaper wrapped around — as though to conceal — a man's dress shirt belonging not to Ansel Easton but to one William Ralston? "Well, he founded the Bank of California with Adeline Easton's brother," said Bob Evans of the Columbus America Discovery Group, the Ohio-based treasure hunters who retrieved the suitcase and have been researching the lives of its original owners. "Maybe she was having an affair with him. . . . Your mind just runs wild with all the history."

History, as much as gold, was the cargo of the Central America, which steamed into the path of a hurricane Sept. 8, 1857, en route from Panama to New York with passengers and bullion from the California gold rush. About 425 were lost when it sank four days later, including Captain William Herndon — for whom citizens in western Fairfax County, Virginia, would subsequently name a town. But 153 others were saved, including all the women and all but one of the 29 children aboard.

Evans and his colleagues found the ship three years ago in 7,000 feet of water. They have been painstakingly excavating it ever since, using an undersea robot controlled from their ship by a half-mile-long fiber-optic leash. They have brought up more than $100 million in gold (hundreds of millions more remain) but they insist that they are just as fascinated with the rest of the artifacts.

The dramatic and improbable rescues of the Central America's survivors fueled the popular press for decades. Like the crew and passengers of the Titanic, those aboard the Central America were a colorful lot. They included:

The crew and passengers on the ship were a colorful lot.

- Judge Alonzo Castle Monson, who resigned from California's 6th Judicial Circuit after gambling away all his money and his house in a historic poker game in Sacramento. He survived.
- Ange Richon, Belgian consul at Lima, bound for Europe with important diplomatic dispatches concerning fleet movements in the Pacific. He survived.
- "Mrs. Virginia Birch," a former dance hall girl better known in San Francisco as "the notorious Jenny French." According to contemporary accounts, one of her suitors had killed a German in a dispute over her honor. While this man was in prison, Jenny married and shipped out with his business partner, a music hall comedian named Billy Birch who, after the sinking, reportedly entertained other passengers while floating in the sea.
- Captain Thomas W. Badger, master of the sailing ship Jane A. Falkinberg of San Francisco, who carried a carpetbag holding $17,500 in gold coins until just before the ship sank. Others reportedly were dragged to their deaths by the weight of money they refused to abandon. Badger jettisoned his — and lived to tell about it.
- George Dawson, one of the few black passengers aboard, survived nine days at sea without food or water. When greeted as a hero on his arrival in New York he grew "impatient at the distinguished attention shown him," according to one newspaper, and limped away into the crowd.

Easton was a merchant who sold furnishings to the steamship line. His wife, Adeline, was the sister of Darius Ogden Mills, one of the richest men in California. They had married the month before and were eastbound on the Panama route that carried wealthy travelers from California to New York in as few as 19 days.

The ship was a black-hulled, three-masted sidewheeler, coal-fired, with three decks and a cruising speed of 11 knots. The owner, the United States Mail Steamship Co., shuttled it twice a month between New York and Panama. In five years, it had completed 43 voyages, carrying nearly one-third of all the gold shipped east from California. Its commercial shipment this time was valued at $1.2 million in that era of $20-an-ounce gold. It included $76,441.79 from an entrepreneur named Levi Strauss who was finding commercial favor in the gold fields, making canvas pants.

Six days after leaving Panama, the ship sailed into the fringe of the hurricane. Adeline Easton noted a "severe gale, which increased in violence." The storm raged into the next day, and the ship began taking water, its pumps fighting a losing battle against leaks. On the third day out of Havana, "the vessel suddenly careened to one side," Adeline Easton wrote, "and looking toward our port-hole, I noticed that it was entirely under water."

Herndon formed the male passengers into bucket brigades. The men bailed for 30 hours. The crew fired distress rockets. Finally, around 2 the following afternoon, the brig Marine, a tiny, crippled sailing ship northbound from Honduras with a cargo of sugar and molasses, floundered by in the storm and hove to at Herndon's signal.

Herndon ordered the ship's lifeboats lowered and the women and children rowed to the little vessel. Two of the five boats were smashed in the effort, but somehow the women were lowered into the boats amid the towering seas, and even infants were handed safely down. Jenny French brought her pet parakeet tucked into her ample bosom for safety.

Adeline Easton left in the third boatload "with my husband's kiss upon my lips and breathing a prayer for his safety." At the last moment he tossed into the lifeboat with her a coat containing "$900 and some valuable papers rolled into a bundle." Waves almost swamped the lifeboat and "just when I felt that I could not keep from breaking down at the parting from my dear husband," Adeline Easton "had to rouse myself for action," bailing water. "The men were all needed to row [and] the other women were hysterical."

The lifeboat made it to the Marine, and Adeline watched anxiously as three more boatloads arrived. But none of them bore Ansel Easton. Soon darkness fell and the boatmen refused to return to the sinking ship.

Meanwhile, aboard the Central America, Easton had just handed his cigar to Herndon to ignite the last signal rocket on deck when the Central America "gave a great plunge" and sank. Easton was borne up by his life preserver and found himself on the surface floating amid hundreds of bobbing men. Eight hours later the Norwegian bark Ellen sailed into the midst of them. Ansel and 48 others were saved. The Ellen's captain told them a large bird had flown into his face the night before. He had beaten it away, but it had returned twice more. Being superstitious, he changed course in the direction from which the bird had flown, and a few hours later heard cries in the darkness and found himself in the sea of floating men.

The Eastons were reunited in Norfolk. "Of our meeting," Adeline Easton wrote, "I cannot speak. Great joy is too deep for words." What she and her husband had lost rested undisturbed for more than a century until Evans and company hauled it up.

John McDonnell/The Washington Post

Bob Evans studies artifacts raised from the Central America.

LANGUAGE

Gifts of Gab: A Christmas Book List

By William Safire

WASHINGTON — Give a word addict the quickest fix for Christmas: a good specialized dictionary.

Presume your word lover already has a general dictionary propped up on its stand. (Last year, somebody gave me a dictionary stand, which I have not yet put together because my dictionary has no entry under "quick assembly.") Now go one step further, into the lexicons of slang or specialties.

The 1990 word book of the year is the Third Barnhart Dictionary of New English (H. W. Wilson, $49) by Robert K. Barnhart, Sol Steinmetz and Clarence L. Barnhart. (They don't call it the Steinmetz dictionary, because Sol went to Random House as executive editor of Random House dictionaries. Joe Esposito of Random House was just named president of Merriam-Webster, where the Ninth Collegiate has been on the best-seller lists for some 200 weeks running, thus bidding fair to challenge the run of Agatha Christie's thriller "The Mousetrap" on the London stage. Publishers are raiding one another for lexicographers, a nice thing for the language dodge; see *poaching*.)

The Barnhart crowd is not perfect: the *bomfog* citation is only 1976, while the shorthand acronym for Nelson Rockefeller's frequently used "brotherhood of man, fatherhood of God" has been tracked to the 1964 campaign. But the dictionary is a mother lode of recent coinages: look up *body* in the Barnhart Third.

You'll find *body art*, coined in 1971 to denote the decoration of the human body "for some aesthetic effect"; *body bag*, Saddam Hussein's favorite threat, coined in 1967; and among others, *body clock*, the jet-setter's internal mechanism; *body dancing*, also called *touch dancing*, which used to be known simply as *dancin'*; *body jewel*, worn on the skin rather than the clothing (you mean you wear nothing in your navel?); *body language*, "the unconscious gestures and postures of the body as a form of communication" (and what does it mean when I stand arms akimbo?); *body mike*, used by singers who cannot understand how Ethel Merman did it; *body shop*, first "an automobile body repair shop" and more recently "a place of prostitution," and *body stocking* and *bodysuit*.

(I looked for *bodily fluids* in vain; this voguish euphemism is applied to blood, spinal fluid, semen, urine, saliva, tears and sweat; if Churchill were alive, we would hear "nothing to offer but *bodily fluids*.")

□

Eric Partridge may have been the last of the one-man lexies; researchers used to find him at a back desk of the main reading room of the British Museum. His classic English slang dictionary has been updated and condensed by Paul Beale. Partridge's Concise Dictionary of Slang and Unconventional English (Macmillan, $35) includes Cockney rhyming slang: *insects and ants* stands for "trousers," based on the rhyme for "pants"; I presume it had a connection with the American "ants in your pants."

More affordable and accessible is "Slang! The Topic-by-Topic Dictionary of Contemporary American Lingoes, With the Most Up-to-Date, Colorful Expressions From *Computerese *Hollywood *Sports *Pentagonese *Wall Street *Politics *And Much More!" (yes, that's the title) by Paul Dickson (Pocket Books, $9.95 for the 295-page paperback). Advertised as "the only contemporary language guide arranged by subject!" (I'll have to talk with Paul about exclamation marks!), it contains such nice differentiations as *Trekker* for older fans of "Star Trek," *Trekkie* for younger fans.

A Dictionary of Modern Legal Usage by Bryan A. Garner was published three years ago, but has just come out in paperback (Oxford, $15.95). Because the Oxford Law Dictionary project has been derailed, this book becomes all the more necessary in the library of Null, Null & Void. Legal eagles need to know the variations of *recusal, recusation, recusement*, dating only to 1958 and noted here to mean "the act of removing oneself as a judge" (though I would add "or prosecutor") and their difference from *recusancy*, "obstinate refusal to comply."

Where shall wisdom be found (Job 28:12)? In "Mene, Mene, Tekel," a book by Eugene Ehrlich and David H. Scott (Harper & Row, $18.95) about the famous phrases in the King James translation of the Bible. Whether you have *feet of clay* or are *willing to fight the good fight*, fear *the handwriting on the wall* or love *the apple of one's eye* — or even wonder, "*Can the leopard change his spots?*" — you can find etymological pleasure in biblical roots.

I looked for *bodily fluids* in vain; if Churchill were alive, we would hear 'nothing to offer but *bodily fluids*.'

In "Is There a Cow in Moscow?" Charles Harrington Elster, author of "There Is No Zoo in Zoology," does his pronunciation thing again (Collier, $8.95 paperback). Most television reporters say it without the *cow*, preferring MAHS-koh, despite the NBC Handbook of Pronunciation's call for MAHS-cow, which is also the choice of most Americans. (Hit the *chill* in *Chilean*, too, and don't get swept up in the elitist chi-LAY-in, which isn't even Spanish.)

The PBS series on the Civil War was notable for its use of direct quotations from letters of average Americans of that era. The literary pattern was direct, colorful, un-self-conscious. The best book of this year that shows the natural language at work is "Diary of a Confederate Soldier: John S. Jackman of the Orphan Brigade" (University of South Carolina Press, $24.95), a quietly moving work edited with an introduction by William C. Davis, the historian who sees the war in microcosm in the brigade of Confederate Kentuckians.

It's a fine source for phrasedicks, too: "At last the news came of the surrender of Johnston," Jackman wrote. "We knew then, that we had 'gone up.' " To go *up* meant "to lose"; that sense persists today in the lingo of actors, who use it to mean "to forget lines."

"The Word's Gotten Out" is the prolific Willard R. Espy's annual entry. This cheerful gallimaufry (Potter, $24.95) taught me the eponymous source of *vaudeville*: satiric songs from the Vau (valley) de Vire in Normandy were known in France first as *vaux de Vire*, changed in Paris to *vaux de ville*, which then crossed the Atlantic and played the Palace.

For wordniks with an interest in language controversy, there is "Forked Tongue: The Politics of Bilingual Education" by Rosalie Pedalino Porter (Basic Books, $22.95). She says to teach the kids English because the bilingual programs have been a flop.

Dennis Baron, in "The English-Only Question" (Yale University Press, $22.50), traces the history of the U. S. English movement and comes out on the other side, holding that legislation to make English our official language is restrictive and discriminatory.

Finally, from the people who bring us the Chicago Manual of Style, we have "Style: Toward Clarity and Grace" by Joseph M. Williams (University of Chicago Press, $17.95). "It's harder to begin a sentence well than to end it well," he notes, preferring an opening based on topic rather than transitional metadiscourse (like *And therefore*), evaluation (like *Fortunately*) or time and place (like Meanwhile, back at the ranch). He's right, though I would prefer "Beginning a sentence well is harder than ending it well."

New York Times Service

Calling Tokyo? Do remember

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